The COMMUNIST

VOL. VIII DECEMBER, 1929 NO. 11

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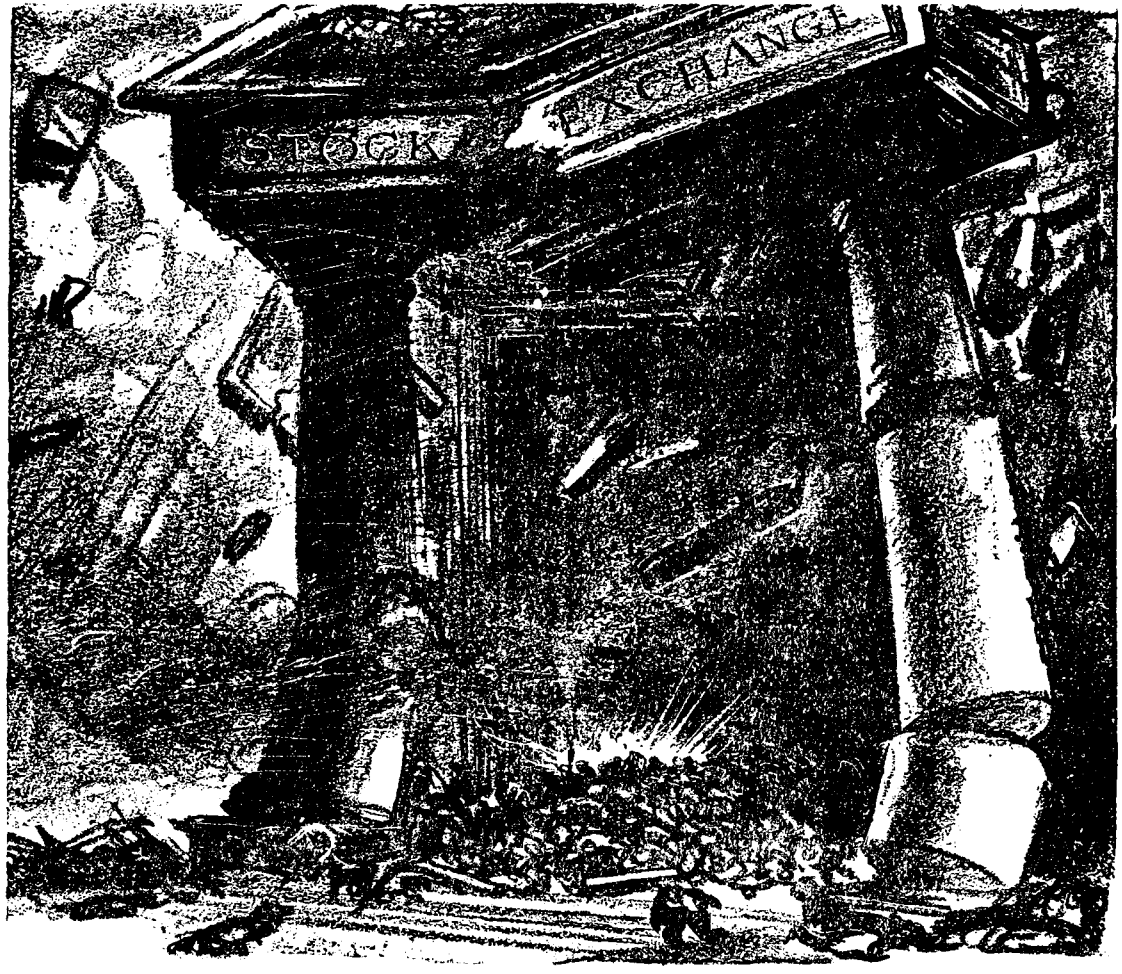

The "Third Period" in Wall Street — *Fred Ellis*

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The Wall Street Crash and the Class Struggle

By EARL BROWDER

THE Wall Street crash, wiping out 43 per cent of all stock "values" of American corporations, was caused by a shaking in the economic foundations. In its turn it has deepened the cracks in the foundation, and brought the entire capitalist system face to face with crisis, developing at a speed hitherto never witnessed. It is the first outstanding evidence of the beginning of a cyclical crisis of capitalism which, in the conditions of the third period, will become one of the most momentous economic cataclysms in the history of capitalism.

Such judgment of the Wall Street events is, of course, strenuously denied by all capitalist spokesmen and their lackeys. The eminent Mr. Hoover issues optimistic statements about the "basic strength and soundness" of capitalist economy. The press and the talking pictures compete with one another as to which can put forth the most optimistic assurances. The Rev. Norman Thomas parrots the capitalist propaganda about the "psychological causes" which have no relation to economic realities. And last, but not least in significance, the renegade from communism, Lovestone, joins in the capitalist chorus. The following gems from the second issue of (Counter)-"Revolutionary Age," shows Lovestone's complete solidarity with Hoover, Thomas & Co.:

> "The panic in Wall Street did *not* come as a result of the decline of American capitalist economy. *It came as a result of the very strength of American capitalist economy magnifying and sharpening the contradictions of world capitalism.*... Nowadays the Stock Exchange is no longer an accurate or a sensitive barometer of the state of the capitalist productive economy." (Lovestone's emphasis).

Of course, no literate bourgeois economist would be guilty of such vulgarization as Lovestone, but his crudely expressed ideas are essentially the same as their more skillful propaganda. None of them are to be found declaring, as Lovestone does, that the sickness of the Stock Exchange, which the *New York Times* describes as "suffering from high fever and delirium and convulsions," as being in itself evidence of "the very strength" of American cap-

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italism. Lovestone now sets himself to outdo the official apologists and direct paid-agents of the bourgeoisie.

WHAT CAUSED THE SMASH?

Most of the capitalist spokesmen carefully avoid saying anything about the causes of the crash. They confine themselves to vague generalizations about the evils of "speculative excesses," which bring about "reaction." But Mr. Lovestone rushes in where his elders in the game fear to tread,—giving "the basic cause of the panic." And what is this basic cause, according to Lovestone? It is precisely "the superabundance of capital in the country." This "superabundance" of capital caused "the most serious dislocation" between the stock market and the strong, healthy, growing "fundamental conditions of the capitalist productive economy," creating a sickness in the stock market which had no relation to the underlying economic conditions.

Contrast this disgusting bootlicking of capitalism by Lovestone, with the words of those capitalists and their serious economists who are speaking among themselves and not to the "public." Facing their own gigantic problems, these capitalists are forced to frankly abandon the tommy-rot which is spread in the daily press and which Lovestone repeats in an exaggerated — even caricatured — form; they are forced by the necessity of meeting their problems, to speak quite differently in their own serious economic journals. Thus, *The Annalist,* one of the most authoritative financial journals, says:

> "Most of the traditional forecasters of future business conditions are decidedly unfavorable to any immediate termination of the current decline." . . . The decline "came into view before the stock market break of October."

Another example of plain-spoken admission of the downward course of American economy is that of Mr. Ralph B. Wilson, vice-president of the Babson Statistical Organization, who declared on November 17:

> "Trade has been gradually falling off in many ways since the middle of the Summer, and a fundamental cause for the decline in the stock market has been due to this recession in business. In other words, those who think that the decline in business is due to the stock market are putting the cart before the horse. Rather it has been declining business that is a real root of the crash in the market."

From London comes a report by the Federation of British Industries which predicts a major setback in American business, in the course of which it says: "The trade recession to which we look for-

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ward is something more serious than a mere contraction of luxury expenditures resulting from direct losses in the New York Stock Exchange."

It is clear that the stock market crash was only the most dramatic symptom of a fundamental downward tendency of the capitalist productive process, a shrinking of production with consequent shrinking of profits. This not only called a halt to the speculative "present realization of future profits"—the nature of the crash, its deep going nature, wiping out fifty billion dollars of stock "values" in a fortnight, demonstrates that this downward tendency was recognized, not as a temporary recession, due to some slight maladjustment, but as the result of an insoluble problem of markets, unsoluble at least in the "normal" course of business. In its turn the crash is intensifying these downward tendencies. The crash in the capitalist superstructure of the stock market was the result of a less obvious crisis in the foundation, in the production of surplus values.

II. THE PROBLEM OF MARKETS

The Thesis of our October Plenum pointed out the most fundamental contradiction of American capitalism, the factor most influential in maturing the now-beginning crisis, as "the disproportion between the growth of the productive forces and the market." This contradiction is today the sharpest expression of the collision between the productive forces released by capitalism, on the one hand, with the fetters of capitalist property relationships, on the other hand, which choke these productive forces.

The result of this fundamental inner contradiction of capitalism is more and more to force it into a struggle for extending its markets abroad. This is clearly recognized, for example, by the chief organ of British finance capital, the *London Economist*, when it said:

> "An examination of the available data suggests that American manufactured exports so far have been merest wavelets compared with the tide that is to come. The keynote of American success in manufacture is large scale production and in certain industries—of which cotton manufactures is the most conspicuous—the production capacity of the country far exceeds the consuming power of the home market so that increased exports are essential if the plant is to be economically worked."

What relation has this question of foreign and domestic market, and the tariff question now creating a government crisis in Washington, to the stock market crisis in Wall Street? A significant remark was made by the liberal *New Republic*, on August 28, when

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it was strenuously denying any crisis factors in American economy, when it said regarding the Smoot-Hawley Tariff Bill:

> "It is reasonable to suppose that the supporters of the Bill believe that the business of the country, especially the manufacturing part of it, is threatened with a grave crisis which demands vigorous action by the Government."

The renegade Lovestone, driven by his opportunist theory of the "primacy of outer contradictions," can see the relationship between these factors only in an inverted way, standing on their heads. He says that the increasing tariff rates, and the whole struggle for world markets "does not arise from the fear of a collapsing, a shrinking domestic market." He sees the sharpening inner contradictions purely as reflections of the sharpening relations between the imperialist powers.

Leaving aside for the moment the question as to what are the driving forces throwing the imperialist powers into collision (Lovestone's only explanation is "the insatiable greed" of the capitalists; that is, if the capitalists were not "greedy," if they were "good capitalists," things would be different!), let us ask Mr. Lovestone to explain how and why it happens that the stock market crash and the downward tendency of production in basic industry, comes in a time of *continued heavy increase of exports*. The first ten months of 1929 witnessed an increase of exports over the same period of 1928 by six and one-half per cent, and over 1927 by almost ten per cent. If the domestic markets had increased in the same ratio, this domestic increase would have been greater than the total foreign markets and could have completely replaced them.

When this market crisis of the third period is added to the recurrence of a cyclical crisis, coming with more than ordinary severity because of the accumulation of contradictions, all conditions are present for an explosion of unprecedented magnitude.

It is quite clear that American imperialism is making its drive for foreign markets under the pressure of inexorable inner contradictions of its own being. The "greed" of American capitalists has not simply a "spiritual" basis, but a very material, concrete one in its own inner necessities, arising from the conflict, the head-on collision, now taking place between the productive forces and the fetters placed upon them by capitalist property relationships—the contradiction between the productive forces and the market.

III. WALL STREET AND THE CLASS STRUGGLE

What is the relation between the Wall Street crash and the class struggle? In examining this question we again must demolish the social-democratic opportunist conceptions of the renegades from

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Communism, Lovestone, Gitlow and company. In their "explanations and analysis" of the Wall Street crash, these worthies connect up the class struggle as a sort of afterthought, with the conclusion that the capitalists will try "to make the workers pay" the stock market losses "in the form of wage cuts and intensified exploitation. This will mean a sharpening of the class struggles in the country."

It must not be thought that this belated recognition of "sharpening class struggles" is any political advance on the part of the renegades. Quite the contrary. By placing these sharpening struggles merely as the result of the Wall Street crash, after they have disconnected the crash from any connection with the underlying economic conditions, they suspend the class struggle in the air without any material foundations, or reduce these class struggles to mere "disturbances" caused by temporary dislocations in economy and finance. Thus their "recognition" is merely another form of their systematic sabotage of the class struggle.

A Marxian approach to this question must be, to *trace the common origin* of the Wall Street crash and of the sharpening class struggles, and, secondarily, their mutual reactions upon one another.

The common origin of these two phenomena is precisely the conflict between productive forces and market limitations. The imperative necessity for capitalism to enlarge its markets, gives rise to the pressure upon the working class; costs of production must be reduced, to enable U. S. capitalism to compete with its rivals and enlarge the domestic market; greater surplus value must be made available by longer hours of labor, or by intensifying the labor of each hour (speed-up), or by reducing wages. In fact all three methods are used. This intensified exploitation is the source of the sharpening struggles between the working class and the capitalist class.

The same force of struggle for markets and sources of profit intensifies the agrarian crisis, and thereby the differences within the bourgeoisie (e. g., the struggle over the tariff in Congress), and sharpens class relations on the land. The operations of the Farm Board are strengthening the grip of finance capital upon agriculture, and increasing the pressure upon the farming population. Agriculture finds itself in the very sharpest contradiction, between its capacity of production and available markets; its prices in the domestic market are determined by the world market, which is based upon the lowest paid agricultural labor of Argentine, India and China; but even its chance to participate in this world market by exports are constantly limited more and more by the necessity for manufacturing industry to monopolize the export possibilities of the country.

But the very success of capitalist industry in its rationalization

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and its growing dominance over agriculture slashes into its foundation of the domestic market. The purchasing power of the masses is being sharply curtailed. The extension of the domestic market depends more and more upon the constantly expanding capital investments; these in turn enormously increase the productive capacity, and present the same problem again in an aggravated form. Every postponement of the solution of these contradictions only makes the next crisis more deep and far-reaching. And finally it is no longer possible to postpone. Economic life takes a downward trend, the accumulated contradictions come to the explosion point. The Wall Street crash is the first great repercussion of this crisis in the superstructure of U. S. capitalism.

This is the basic dialectical relationship between the class struggle and the stock exchange crisis. The secondary ones are: that the developing resistance of the working class to rationalization hastened the maturing of the crisis; and at the same time, the crisis acts to sharpen immeasurably the class struggle, not merely as Mr. Lovestone would have it, because the capitalists want to make the workers pay their losses, but primarily because the capitalist system cannot continue to operate at all except by the most intensive increase of surplus values.

The Wall Street crash is a sign of the beginning of economic crisis, showing us that the deepest forces of capitalist society are tearing apart its foundations; the working class faces new speed-up and wage-cut drives; unemployment on a mass scale is on the order of the day; and only the most militant struggle by the working class will save it from extreme degradation of its conditions of life.

IV. THE WALL STREET CRASH AND THE WAR

Imminence of war is another thing glaringly revealed and hastened by the Wall Street crash. The crash reveals the failure of U. S. imperialism to find the solution of its inner contradictions by "peaceful," "normal" means. By revealing beyond all doubt this failure, it hastens the realization of the inevitable next step—the attempt to find the solution in war.

American capitalism has been extending its foreign markets. But the rate of increase has necessarily lagged behind the enormously expanding productive forces; European competition has been reviving; industrial production in the backward countries has advanced; resistance of the colonial peoples to imperialist domination has enormously increased. The limits of expansion are far short of the necessities of American imperialism.

And just now have come severe setbacks. The great Chinese market, upon which Hoover had set his eyes as the salvation of

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American industry for the next period, had apparently been corralled by U. S. control of the Kuomintang government of Chiang Kai-shek. American advisers were filling the Nanking offices, and American capitalists were making out juicy concessions. A new colonial empire for American imperialism was visioned, with England and Japan squeezed out, and the American puppet rulers in Nanking supreme over the 440 millions of Chinese.

Alas for the dreams of imperial conquest! The Anglo-Japanese bloc had not played its last card; the united front of Chang Hsueh-liang, Yen Hsi-shan, Feng Yu-hsiang, the Kwangsi clique, Chang Fa-kwei, and Wang Chang-wei is already pounding at the doors of Nanking, and the regime of America's puppet is ingloriously expiring. The resignation of Mr. MacMurray, the American minister to China, who had to bear the responsibility for this debacle, will soon be followed by the flight of Chiang Kai-shek. With him falls one of Hoover's dreams of a solution of the inner contradictions of American capitalism by the so-called peaceful means of a new colonial empire.

Where are the necessary markets to be found? American imperialism is searching feverishly for the remedy to its sickness. And always before its eyes it has the vision of the always available solution—the markets can be found through *war*.

This solution has a double attractiveness for capitalism. War is not only a means of winning markets. War is also itself one of the greatest markets. Into its yawning mouth can be poured the most unlimited stream of commodities, which are then utterly destroyed, leaving new and growing demands. The market of war is precisely the kind of market of which capitalism dreams—unlimited in scope of demand or range of prices.

It is from this approach, with this background, that the speech of Herbert Hoover on Armistice Day must be estimated. This speech was a declaration that American capitalism has grimly faced the alternatives before it and chosen the path of war. It was the first mobilization speech to prepare the masses for the coming war.

For the working class of America the lesson must be drawn sharp and clear. We are in a period of sharpening class struggles, economic cataclysms, imperialist wars, and revolutions. This is the characteristic of the third period of post-war capitalism. The working class is faced with enormous tasks of organization and struggle against capitalist rationalization and against imperialist war. With a hundred-fold energy we must turn ourselves to smashing the Lovestone renegades, eliminating all remnants of opportunism in our ranks, mobilizing the masses against the social-fascists of the

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A. F. of L. and socialist party, building the revolutionary trade unions, and consolidating the only revolutionary party of the working class—the Communist Party.

A Word of Cheer to Our Readers!

DEAR COMRADE READER:

This is to inform you that we have decided to increase the size of THE COMMUNIST to 96 pages beginning with the January issue. This means that the political contents of this magazine will be enriched and special features will be added which had to be excluded heretofore because of lack of space.

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Installment Selling in the U. S.

By NAT ROSS

I.

THE beginning of installment selling on a mass basis takes place during the years 1912-1919. It is true that installment selling was in evidence for many decades prior to this period but the system was looked upon askance, and only a few articles were sold on the installment plan. The system of installment selling gained its first real impetus from the auto industry, which in 1912 produced 378,000 cars, compared with 210,000 for 1911. Nearly doubling the number of cars in one year and the immediate necessity for finding new markets tended to break down the resistance of some manufacturers to dealers selling cars on the installment plan. The rapid increase in annual production of cars (969,000 in 1915; 2,227,000 in 1920, 4,601,000 in 1928, and an approximate 5,600,000 for this year), and the increasing difficulty in finding markets for these cars has been one of the decisive factors in the steady growth of installment selling in the last 15 years. In the auto industry 60% of the cars are sold on the installment plan, the sales by this method amounting to almost 3 billion dollars for 1928.[1] Not only in the auto industry has there been this great advance in installment selling, but in other industries, namely, furniture, pianos, farm equipment, vacuum cleaners, refrigerators, radios, books, clothing, we see a steady growth in installment selling until today, the total amount of goods sold on the installment plan is almost 8 billions yearly, this being 20% of the total annual retail sales.

What basically is the cause of the beginning of mass installment selling and of its steady advance? Installment selling is one of the elements of the economy of finance capital and takes on wide proportions as soon as the fundamental contradiction of capitalism, the disparity between the growth of productive forces and the market becomes acute, when there is a tremendous growth in production accompanied by a substantial failure of demand to keep pace with the growing production. With the growth of mass produc-

[1] It is important to note that in 1928 the U. S. exported 150,000 cars to Latin America, 86% of which were sold on the installment plan. Such foreign trade is naturally built on a foundation of sand.

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tion in the U. S. immediately prior to the War of 1914-18 and during the war and the reinvestment of the fabulous super-profits by the financial oligarchy, helping further to enlarge the volume of production, and the definite inability of demand to keep up with the supply, the American buorgeoisie were forced to seek ways and means to get out of the impasse. Installment selling became one of the Circean saviors. In one other way the war period was a fruitful one for laying the basis for mass installment buying. Some members of the middle class were making money, and altho the standard of living of the working masses was not raised during the war, money wages were, and this gave the bourgeoisie an opportunity to draw new layers of the masses into buying on the installment plan.

Altho there was a steady increase in installment selling during the war, the first substantial advance came in 1921. With the close of the war American exports suffered a tremendous drop and it became more necessary than ever before to use every means of merchandising pressure to widen the American market. This could be done only by an intense drive for mass installment buying in view of the fact that wages were slashed in the immediate post-war period and the petty bourgeoisie was getting a real taste of the iron heel of the methods of finance capital.[2] In this period the General Motors Acceptance Corporation was formed to finance sales of G. M. cars on the installment plan. The system of installment selling soon spread to other industries, and altho Henry Ford was at first opposed to the scheme, the pressure of events—the further growth of production and the lagging of markets and the tremendous advance of General Motors—forced him a few years later to give official recognition to the installment plan in the sale of his cars. The extreme tension and the profound rottenness of American economy today is brilliantly epitomized by comrade Lapinski in Communist International, No. 20:

"The enormously increased production can be assured a market only at the cost of most unprecedented exertion. The American process of salesmanship has little in common with the ideal: "We have produced and sold to an 'easy', ever-ready, unsated public." Fiddlesticks! Indeed, in the last few years the whole process of so-called "merchandising" (*i.e.*, of getting the goods to the consumer) has been subjected in the U.S.A. to an elaborate and manifold reformation on what one might call quite a revolutionary scale. After the process of the rationalization of production (or,

[2] In 1921 there were 19,652 failures of commercial concerns compared with 6,451 in 1919. The plight of the farmer in this period should also be noted.

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to an extent, parallel with this process) came a process of rationalization of sales, no less intense. The entire system of commercial competition and sales organization, has radically changed. Here it is not merely a question of the hitherto unheard-of development of sales on the installment system (*i.e.*, credit sales) which threaten the already heavily burdened future purchase power. The bringing of goods to the consumer, the "easy-purchase" systems, the "getting rid of" goods *en masse* and the organization of salesmanship and advertising entailed by these methods, have been brought not only to the last degree of perfection, but also to the last degree of intensity. Not merely separate firms but whole industries are competing with one another for the so-called "loyalty" of the consumer. There is an unflagging struggle to change the entire structure of the consumer's budget (electrical refrigerators compete with ice-refrigerators, one type of amusement competes with another; the whole house-building industry with textiles; "spend less on dress and build your own home," etc.) The consumer is literally lashed and whiped up by the anonymous advertising of whole branches of industry. Millions of people and milliards of dollars are taken away from the process of production and put into parasitic functions of distribution, sales and advertising, in the fanatical pursuit of the consumer. The apologists of "Americanism" consider this rationalized chase one of the "fundamental sources" of "prosperity." But this hunt just shows with what extraordinary intensity, with what feverish struggle and with what unproductive waste, sales are assured. But the ultimate limit of these sales still remains nought else but the purchasing power of the consumer (even though the potential purchasing power of the future be eaten into)."

The quotation indicates that not only must we have an extreme rationalization of production but also of sales before there can be a substantial extension of the installment system. Rationalization of production and sales virtually go hand in hand resulting in a frenzied struggle for the market. No stone is left unturned in seducing the consumer or in actually forcing the commodity down his throat. The Cleveland Trust Co. Bulletin for September 15, 1929, makes the following significant remark about the auto industry:

> "Once more we are reminded that no small part of the extraordinary growth and prosperity of the industry has been due to its astonishing ability to produce a seemingly unending succession of changes . . . that have rendered the models obsolete and made every owner long for one of the new and up-to-date cars. Success of the industry is largely based on its ability to maintain *chronic dissatisfaction* among the users of its cars." (My italics).

This process is characteristic of every highly rationalized capitalist

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industry. It is the intrinsic logic of the development of imperialist production and sales which becomes particularly blatant in the present third period of post-war capitalism.

II

That the masses are hostile to the installment system is evident. This hostility is clearly demonstrated by a questionnaire which the Oregon School of Business sent to 2105 installment buyers. The results are as follows:

Questions Asked	*Number of Replies*	*%*
Encourages running into debt	1463	69
Leads to extravagance	1331	63
Failure to pay installments means loss of article and past payments too	1167	55
Cost is much greater	1034	49
Always bothered with small bills	864	41
Payments last longer than article	711	34
Not fair to those who pay cash	579	27
Lower quality goods sold on installment	479	23

Along with this went another questionnaire with statements definitely in favor of installment buying. The largest number of answers in this group was 991 or 47% of the total (which is 472 or 22% less than the largest number of answers in the group unfavorable to installment buying), was to the obvious, superficial shortsighted statement "makes paying easier." The other statements on the questionnaire received still fewer replies. The entire survey was a clear demonstration of the antagonism of the working class and petty-bourgeoisie to the installment system. And these questionnaires were sent out in a period of relative business boom. One can imagine the predicament and the attitude of the masses in a period of depression or crisis.[3]

Yet the question will arise that if the installment buyers are opposed to this method of purchase why do they continue to buy on the installment plan and why is the system expanding?[4]

The answer is that as the contradiction between the growth of production and markets deepens, the bourgeoisie strenuously seek new ways and means to force the product on the consumer. And

[3] Mr. Peavey of Babson Institute remarks that excessive installment selling is one of the chief causes of the crash on Wall Street, and the installment buyers of commodities who have speculated have been hard hit. *N. Y. Times, Nov.* 10: This will mean inability to pay installment and therefore an injurious effect on industry. In *N. Y. Times of Nov.* 14th: An increase in delinquencies is already reported by some finance companies.

[4] The quotations from Comrade Lapinski and The Cleveland Trust Co. Bulletin should be borne in mind in this connection.

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not only does the prostitute capitalist use economic and financial seductions but also psychological ones. While the bourgeoisie try to chain the workers to the juggernaut of imperialism with the aid of social democracy and the numerous vicious schemes of bourgeois reformism, not the least important of which is the sale of stocks on the installment plan by large corporations to employees. All these schemes being permeated with the ideal of "thrift," the bourgeoisie are forced at the same time by the imperious force of captalist rationalization, to try to infect the working masses and even the petty bourgeoisie with a superficially carefree attitude toward life, with a so-called Epicurean philosophy of enjoying today while neglecting tomorrow—even at the risk of being destitute tomorrow. The bourgeoisie and their reformist jackals are trying harder than ever before to prevent these masses from having a sober thought and to keep them in a constantly dizzy mental state. Otherwise the masses of workers could not be exploited, debauched and enslaved any longer! Otherwise the auto industry could not batten on the customer's discontent! Otherwise colossally wasteful high-powered salesmanship and advertising would be in vain! Otherwise installment selling would not expand![5]

III

Basically the consumers get to oppose the installment scheme because it means higher prices. This is a fundamental point and must be grasped to understand the hatred of the masses for the installment scheme. Selling on installment entails certain expenses which cash sales do not entail, such as interest on outstanding money, office expenses, such as keeping accounts, mailing letters and receipts, investigating customer's credit standing, charge for risk, i. e., in case of failure to pay installments, etc. To carry out these fiscal matters the Finance company, of which there are now over 2,000, came into being. Most of these companies, as for example the General Motors Acceptance Corporation, are subsidiaries of the manufacturing company, while some of them are independent of the manufacturers. All of these finance companies are dependent

[5] A few bourgeois representatives see some of the weaknesses of the installment system.

"In order to posses non-essentials many families are cutting down on essentials, setting a less nourishing table, buying fewer shoes and skimpish on living quarters." *C. Hill, Babson Institute.*

"These two human forms of egotistical expression (conspicuous consumption and conspicuous waste) are among the few most important factors that give installment selling its tremendous force." *M. Bemish, National Association of Credit Men.*

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on the big banks while the big finance companies are intimately tied up with finance capital.

No thorough study has been made with regard to the average increase of installment price over cash price. Prof. Plummer estimates that the average increase is from 11 to 40%, depending on length of time for payments. He further cites a case where the consumer paid 80% for his installment credit! Prof. Parker Willis estimates the average about 20% above cash price.

In cash sale the relationship between the parties is that of buyer and seller. In an installment sale there also comes into being a creditor-debtor relationship. On this point Marx says: "The antithesis between creditor and debtor is a far less kindly one" (than that between buyer and seller).[6] The fact that the installment system creates millions of debtors must not be overlooked for it is a factor that makes for definite discontent among the masses. The burden of a perennial debt, the difficulties of regular payment, often the inability to pay, and consequent repossession of the article, teaches even the most backward workers a lesson in capitalist exploitation. In this significant way installment credit helps to radicalize the masses. In this connection the secretary of a New York Charity Organization, speaking of the poorest workers, says the following:

> "The disadvantages (of installment buying) exceed any advantages; the articles are sold for much more than actual worth... Articles that are not needed and ill-afforded are frequently purchased; or a more expensive variety of a required article is purchased because of good advertisement; and the easy payment method seems easy until tried. The realization of a constant debt is injurious coupled with the fear that things partly paid for may be lost through non-payment. Persons are encouraged to live beyond their income. Articles which for these particular persons are luxuries are purchased instead of necessities. When trouble comes the first thing that is dropped is the payment on account of the thing purchased on the installment plan... (As an example The X family came here three years ago. To avoid transport expenses they sold the furniture they had and equipped a five-room apartment here on installment plan. The breadwinner became ill just as the sixth child came. The family lost everything including years or more regular payments on the furniture.)"

IV

The basic contradiction of capitalism, namely the failure of markets to keep pace with production, brings it about that "The life of

[6] Capital, Vol. I, p. 117, Paul translation. Regarding the relationship between debtor and creditor among English traders at the beginning of the 18th century, read in a footnote on the same page the following quotation: "Such a spirit of cruelty reigns here in England among the men of trade that it is not to be met with in any other kingdom of the world."

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industry becomes one characterized by a succession of periods of moderate activity, prosperity, over-production, crises, and stagnation."[7] This intrinsic motion of capitalist economy is what bourgeois economists call the business cycle, and on this cycle installment selling has a contributing effect. During the upward swing of the business cycle there is naturally an expansion of all selling including installment selling. The expansion of installment selling in this period helps to induce a tremendous overproduction. Naturally when the peak is "artificially" pushed up by installment credit which is based only on the future earnings of the masses, the crisis when it comes will be deeper than if there were no installment credit. That is to say the depression is deeper not only because installment buying means tremendously higher prices and hence lower purchasing power for the masses, not only because of the existence of a large amount of installment credit outstanding (4 billions at present), which intensifies the crisis in the money market, but further because thousands and tens of thousands of workers and lower middle class elements are unable to pay their installments, the articles are repossessed and a glutted market becomes more glutted. In addition the failure of small banks engaged in backing finance companies, retailers and manufacturers dealing in installment sales, as well as the failure of finance companies themselves, adds grist to the mill of depression and crisis. The role of installment sales is so damaging to capitalist economy that even bourgeois economists are forced to admit this.[8]

There are no comprehensive statistics on the point just considered since there has been no deep-going business depression in the United States since 1921. It is known however that in the coal strike in Pennsylvania in 1925, 20% of the strikers could not pay

[7] Capital, Vol. I, p. 486.

[8] In this connection Prof. Danelian of Harvard writes: "Consumer's credit introduces into business conditions elements that are generative of business recessions. It encourages overexpansion of firms by giving deceptive notions about profits and rates of increase in volume of sales. Moreover, it may precipitate a particular kind of saturation of demand which has retroactive effects on industry." Prof. Plummer writes: "Everyone agrees that the auto business has been built up to its present position largely through the installment system; also that the maintenance of its position depends almost entirely upon the continuance of the system. The industry has been expanding rapidly due in large part to the installment system, and if the leaders of the industry should misjudge the future demand, the auto industry would have to restrict output or close down altogether. The danger in such a situation lies in the fact that if the motor industry should collapse in any way, it may and probably would be followed by a collapse of some of the industries dependent upon the motor industry and from this it would spread." The final sentence in this quotation is of tremendous significance and particularly at the present moment.

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their installment debts and the articles had to be repossessed. Even in so-called normal times the number of repossessions owing to non-payment are fairly high.

The intensifying rationalization of the workers in industry, the attack on their standards, the crushing of the small capitalist by finance capital, the deepening crisis in agriculture, the enormous speculation, and the widening disparity between output and market at the present time, will make the oncoming crisis in American economy a deep-going and far-reaching one. In this crisis the system of installment credit plays the role of helping to force the sword of Damocles to sink lower over the heads of the bourgeoisie. That is why the semi-ignorant capitalist apologists shriek (in vain) for moderation. For example, Prof. Willis writes:

> "From this time forward entirely new methods of approaching the discounting of installment paper and a much more austere attitude towards it will have to be developed by the banks. Here is a very serious problem of liquidity into which the banking system of the United States has allowed itself to be drawn and with which it has now to contend for an indefinite period to come."

The fact that installment sales amount to almost 8 millions annually, which is 20% of the total yearly retail sales, and the installment debt is about 4 billions at any given time, and the fact that the deepening contradictions of capitalism imperiously force the expansion of the installment system, has a serious and ominous meaning for American imperialism. This is particularly true now when American economy is coming face to face with a profound crisis. We are in the very midst of a period of the radicalization of the masses at a tobogganing pace, a period in which American imperialism will make a desperate effort to force more goods on a contracting home market, and to struggle frantically to capture more foreign market in which fields it meets the ever-fiercer attack of European imperialism, thus making the danger of war more blatantly imminent. And in all this the installment system is a factor helping to deepen the contradictions of capitalism. A bourgeois professor calls installment credit the latest stage of credit. He would be more precise if he called it the *last* stage of credit—the last stage of capitalist credit fitting beautifully into the era of imperialism, the last stage of capitalism.

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The Theoretical Knights of Opportunism

By D. BUKHARTSEV

Translated from the Russian by GERTRUDE HAESSLER

"People bend every effort to conceive something extraordinary, and in their zeal to intellectualize, they become ridiculous." (Lenin, "*The Infantile Sickness of Leftism in Communism.*")

THE Don Quixotes of every nation and every epoch, always have voluntary Sancho-Panzas knights serving to help their chevaliers mount their Rosinantes, and to provide them with the spears for battle.

The political Don Quixotes also always have their ideological Sancho-Panzas in the role of theoretical knights, arming their ideological patrons.

The theorizing Sancho-Panzas generally do not openly take part in the political struggle carried on by their ideological friends.

Brandler and Thalheimer have been driven out of the Comintern. But their ideological friends—the Italian Communist Serra,* the German Ludwig, and those with them not only in our Socialist fatherland, but also those elsewhere, are the theoretical knights of the rights *outside* the Communist Parties.

In the present article we intend to dwell on the estimate by the "knights" of the most important problems of present-day capitalism, and in particular of the "third period." For material we are using the stenograms and theses of Ludwig's report at the Institute of World Economy at the Communist Academy, on the "Problems of the Post-War Economy of Imperialism"; the declaration of Serra in the Central Committee of the Italian Communist Party, and articles of Comrade Bukharin devoted to the present-day bourgeois theories and the so-called "organized" anarchy.

In spite of the difference in the nomenclatures of the various themes dealt with by the different authors, they have a remarkable

*Serra has been expelled from the C. P. I. since this article was written. —*Trans.*

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harmony of ideas, point of view, estimate, and methodology. And this harmony is inherent to the revisionists of all countries, because "revisionism is an international phenomenon" (Lenin).

GENERAL CRISIS OF CAPITALISM OR CONSOLIDATION?

Ludwig's report on "The Problems of the Post-War Economy of Imperialism" presented at the beginning of this year, was very useful especially at that time because it gave the Russian comrades the opportunity of seeing and hearing a more or less developed right-opportunistic estimate of present-day capitalism in general, and of the so-called "third period" in particular.

The theme of Ludwig's report, as it appeared from his theses was to show the historical place of post-war imperialism.

It is obvious to every militant Bolshevik, that at this time such a theme has not merely an abstract-academic character, but also an actual political one. But Ludwig contrived to condense it into the narrow academic framework of abstract formal reasoning, referring to the "diplomatic" (?!) and "neutral" (?!) character of the theme.

The basic problem, remarked Ludwig in his theses, is the following:

> "Does post-war imperialism in general, compared with the usual characteristics of the imperialist epoch, and as a "historical form of capitalism" (program) display any special characteristics giving sufficient basis for regarding it as a separate stage in the general development of imperialism? (Point 1 of the theses.)

Ludwig gave an affirmative reply to this question and proceeded to analyze his original conception of post-war imperialism. But right here, at the very beginning, the question of the method of analysis of this conception produces Ludwig's first opportunist transgression, thus determining the whole further building up of his idea.

The premise from which Ludwig starts, is that "the war was one of the basic reasons for the fact that the general characteristics of imperialism, which before the war very often existed only as tendencies, obtained full development." (Point 3.)

This characterization of post-war imperialism, as a period of the development of monopoly capitalism, runs like a scarlet thread through the whole of Ludwig's report and theses. And starting from this we have the logical conclusion in the sphere of the method of study of post-war capitalism as follows:

> "The problem consists precisely in showing up the essential features of post-war imperialism on the basis of its as yet extremely remarkable phases, 'the relative stabilization' and 'the third period.'

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> Precisely because in these phases the immediate post-war crises are being overcome, the shaken, economic, political and social foundation of the imperialist states is being strengthened, therefore it seems as if the pre-war conditions have again been attained and development is proceeding further—these phases are the suitable objects of an investigation of the special conditions of the existence of the whole period of post-war imperialism, its basis and its limits." (Point 5, emphasis ours. D. B.)

We will pay no more attention to Ludwig's remarkable estimate of the "remarkable phases" of the third period and stabilization; we will return to that question later. Here the general question of method, as Ludwig pointed it out, interests us.

Ludwig is studying the epoch of post-war imperialism. He agrees to acknowledge it as a specific phase in the historical development of imperialism. But where does Ludwig seek and where does he find the signs of this phase? For him they are one of the stages of development of post-war imperialism—the so-called "third period," transformed by Ludwig, in spite of all the facts and all the estimates of the Comintern to the contrary, as the epoch of the consolidation of capitalism.

Comrade Ludwig does not see what is at the bottom of post-war imperialism—the general crisis which capitalism is living through since the war. Comrade Ludwig does not touch upon this either in his theses nor in his report.

Rejecting the general crisis of capitalism, Ludwig logically adopts the point of view of the bourgeois economists, regarding the crises of 1919, 1920, and the years following, not as a manifestation of the crisis of capitalism, but as the usual capitalist crises merely sharpened by the war.

Ludwig writes thus in Point 4 of his theses:

> "On the other hand, it would be equally incorrect to exaggerate the influence of the war, which is continuing to be exercised on the special forms of development of imperialism in the post-war period, and to raise certain economic phenomena, called forth by the immediate results of the war, into decisive, characteristic marks of the whole period of post-war imperialism, such as, for example, the valuta crisis, the fall of production, the general impoverishment of Europe during the post-war crises."

Thus post-war capitalism, in Ludwig's opinion, is organically a consolidation, called "the third period"; all the signs of crisis are accidental, temporary phenomena, immediate results of the war. The adjectives "relative," "temporary," etc., thus do not refer to stabilization, but to the phenomena of crises.

It is obvious that such a putting of the question has nothing in common with Communism. The basic difference between our

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estimate of post-war imperialism, and that of the social-democrats, is precisely that we estimated the post-war crisis as an organic crisis of the whole post-war system, as a general crisis of capitalism, whereas the social-democrats speak of a temporary "normal" capitalist crisis.

In his estimate of post-war imperialism, Ludwig actually solidarizes himself with the social-democrats, just as he does in a number of other questions. Like the Mensheviks, Ludwig obstinately ignores the question of the general crisis of capitalism, the principle cause of which is the beginning of decay of capitalism, which re ceived an immediate impulse to concrete development by the war of 1914. Instead of this, Ludwig builds up the theory of the beneficent effects of the war, which is developing the power of imperialism. Ludwig is trying, though unsuccessfully, to sing the song of Senor Thalheimer, who, in his book, "The Theoretical Crisis of Social Democracy," declared that "the war, like a normal crisis, effects economy, causing technical progress, the concentration and extension of the productive apparatus."

But this same Thalheimer, in a polemic with the Austro-Marxist, Leichter, wrote:

> "But can one speak of the accumulation of capital at a time of war and by means of the war in the framework of the entire capitalist economy, taken as a whole, in the framework of the whole capitalist system? That is impossible. The collossal destruction of values which the war calls forth, cannot be compensated for by any transpositions within the capitalist system, by any changes in the role of the various states and the role of the various groups within them, or of any other classes within each state. Leichter's statement that because of the present war there is an accumulation of world capital, is a deception bred by (1) the vulgar-economist identification of the world capitalist with the private capitalist and (2) the transpositions within the world capitalist system." (Page 90.)

Ludwig's vulgar-economist nature is characterized by the fact that he does not see that a number of processes, swollen during the war, are being transformed into their dialectical opposites soon after the war, becoming the elements and causes of the invisible crisis of the capitalist system.

Engels, in a letter to Sorge, had already written the following: "In case the war ends without an internal explosion, there will be such an exhaustion as Europe has not lived through for two hundred years. The victors are sure to be American industry, and we will be confronted by it with the choice either of returning to agriculture and producing only for our own consumption (since any other application of agriculture is excluded by American competition in the grain market), or—the social revolution."

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Much of this brilliant prophecy of Engels—especially that part referring to the transfer of the center of gravity of world economy from Europe to America—has come true. It is important, also, how Engels estimated the results of the coming European war. In this letter, as in a number of other letters and articles, Engels emphasized the fact that the inevitable results of the war would be the general crisis of capitalism, but modified in the various post-war phases of development of this crisis.

Instead of an anlysis of the post-war crisis, Ludwig disdainfully hurries over such insignificant "trifles" as the valuta crisis, the impoverishment of Europe, etc. In his enthusiasm with the positive (from the capitalist point of view) side of the "third period," he does not see the basic processes shaking this "relative stabilization." Ludwig does not understand that "relative" stabilization is not merely a characteristic phase determining the whole post-war imperialism.

It is absolutely absurd and incorrect to ignore all the former signs of the general capitalist crisis on the basis of a few signs of growth of the productive forces of capitalism, in the "third period."

The majority of these old signs, which Ludwig so disdainfully rejects, are continuing as this or that concealed potentiality or in open form even now, only modifying their concrete manifestations.

Perhaps the problem of the impoverishment of the masses has been wiped off the order of the day? Perhaps the wounds have already healed which the war itself and the post-war inflation had inflicted? Perhaps capitalist rationalization and the unemployment which has become an organic part of it, does not mean the progressive impoverishment of the masses, affecting larger and larger numbers of countries—and not only in Europe?

Or let us take another process, so characteristic of the first post-war years: the divergence of the rate of interest in the various countries, resulting in the anarchy of the money market. Perhaps we, after the well-known period of the discount "scissors" in our time, do not see their fresh divergence? Perhaps there is not going on today a terrific struggle between the dollar and the pound? And, finally, are not the sluggish business conditions (conjuncture), which however, at present are feverishly changing, and which Engels foretold in "The British Ten-Hour Bill," characteristic of the post-war crisis of capitalism?

> "At the present height of our development, industry is extending its productive forces incomparably faster than it can extend its markets. . . . British industrialists, whose means of production are being extended incomparably faster than their markets, are approaching that moment with rapid strides, when their means of assistance will be exhausted, when the periods of prosperity, separat-

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> ing one crisis from the next, will completely vanish under the pressure of productive power, attaining inordinate development, when the crises will be separated from each other by short periods of sluggish yet reviving industrial activity, then industry, trade, and all contemporary society would be subjected to the danger of ruin from the superfluity of unutilized living forces on the one hand, and from their complete exhaustion on the other, if that abnormal situation did not contain within itself the means of cure, if the industrial development did not create the class to which the leadership of society must naturally be transferred—the proletariat—and thus the social revolution is inevitable, and the victory of the proletariat is assured."

Ludwig consciously closes his eyes to all that. He "abstracts" himself from the decay of capitalism, from the general crisis, devoting himself entirely to raptures on the consolidation of the "third period."

It is true that Ludwig somewhere or other in his theses points out that his task will lead to showing that even this consolidated postwar imperialism of the "third period" finds itself in a state of decline." But that is certainly an absolutely useless remark, because, unless Ludwig has also already openly rejected the Leninist theory of imperialism, it should be A B C to him that the whole imperialist stage of capitalism is that of capitalism in decline, decaying, dying. And now—in the period of the general crisis of capitalism, this profound investigation of Ludwig on the question "does imperialism in the third period find itself in a state of decline?" does not differ very much in its "socal usefulness" from the struggle of Don Quixote with the windmills.

THE THIRD PERIOD

As is known, there was much fighting recently over the estimate of the real meaning of the term "third period." The right opportunists and the conciliators tried to use the term "third period," adopted at the Sixth Congress of the Comintern, to justify their Menshevik estimate of present-day capitalism and of stabilization. The Rights and conciliators see only one side of the "third period": some growth of the productive power of capitalism, technical achievements, etc., but consciously close their eyes to the fact that the "third period" "inevitably leads through the further development of the contradictions of capitalist stabilization to the further shaking of capitalist stabilization and to the sharpening of the general crisis of capitalism." (From the resolution of the Sixth Congress of the Comintern). The Rights and the conciliators consciously close their eyes to the negative side of the "third period," which is

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rooted first of all in the decline of capitalism, in the post-war general crisis of capitalism.

The Rights and the conciliators do not want to understand all the acuteness of the capitalist contradictions precisely of the third period, calling forth the consequences of the immediate danger of the second imperialist war, the transformation of the economic struggle of the proletariat into the political, etc.

One would assume that a Communist, treating of the "third period," and transforming this "third period" into the substance of the whole post-war crisis, ought to analyze with due attention and from all sides, all the elements of the third period. However, Ludwig makes no such analysis.

How does Ludwig determine the "third period?" With the accuracy of a German professor, he introduces a number of signs and definitions of the "third period." But among them you will not find one indication of the shattering of the stabilization of the "third period."

> "The stage of development of post-war imperialism on the one hand," derlares Ludwig, "is the period of revival ("relative stabilization"), the period of the progressive growth of means of production to such an extent as to surpass the pre-war level (third period) among some of the imperialist powers (Germany, for example). On the other hand this stage is the period of the even greater extension of imperialism, having received a tremendous impetus from the war, among some of the other imperialist powers (The U. S. A., for instance)."

Thus post-war imperialism, getting its impetus during the "third period," is not only a period of revival of the pre-war capitalist power, but even of the progressive development of capitalism. That is all which Ludwig sees in the "third period." On the one hand Germany is growing, and on the other, the United States is growing—in short, general prosperity.

But then where is the decline of capitalism, asks the reader, which Ludwig promises to point out? Ah, our hero's baggage contains wares for every occasion. Ludwig's ideological baggage contains this decline at all events; but a decline of a very suspicious and peculiar nature.

Ludwig points out that due to the restriction of markets, due to monopoly, due to tariff policies, due to the industrialization of formerly non-capitalist regions, due to the economic strengthening of the Soviet Union, monopoly capital is forced to resort to the decisive weapons of every capitalist competitive struggle—the development of productive power. That struggle, however, is not carried on in the form of free competition, but in the form of "monopoly."

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Here we have the only understanding Ludwig has of the contradictions of resent-day capitalism. But these contradictions lead to—*the development of productive power*. What kind of decline and shattering of stabilization is that which assists capitalism to develop its productive power and thus stimulates its growth, and, as one can see in other places in Ludwig's report, revives the world market? If we could with such an easy conscience as Ludwig, avow that the present condition of capitalism stimulates the growth of productive power, then we would at the same time have to admit that capitalism still has tremendous possibilities for further existence as a system, and that any talk of the decline of capitalism and of general crisis would be empty chatter!

If the basic problem of present-day capitalism—the problem of markets—signifies the growth of productive power, then it would be profoundly incorrect for the Comintern to regard this problem as one of the most important, as characteristic signs of the general crisis of capitalism. But to any logically minded person it is obvious that Ludwig, in his apologetic enthusiasm in estimating the "third period" as one of consolidation of capitalsm, has become woefully entangled, and all his attempts to free himself, push him still deeper into the morass of opportunism.

What basically prompts Ludwig to such a pathetic estimate of post-war capitalism is the growth of capitalist combines. He comes to the conclusion in his report that the post-war development of monopoly differs from the pre-war not only quantitatively, in the sense of the increase of numbers, and the role of capitalist combines, but qualitatively, going over into "organized capitalism." Post-war monopoly capitalism in Ludwig's opinion is come to an end, just as before the war, there were only tendencies toward monopoly capitalism.

> "Post-war imperialism"—proclaims Ludwig in his theses—"is the era of the development of monopoly capitalism. The latter is becoming more and more the prevalent form of the process of production, and of the distribution of all social capital ('organized capitalism')."

This enthusiastic attitude toward monopoly capitalism in its post-war stage is not a mere accidental factor in the biography of Ludwig. It is characteristic of a whole system of thinking.

THE SINGERS OF "ORGANIZED CAPITALISM"

Ludwig's whole theoretical conception leads him, just as it does his voluntary or involuntary ideological friends, to a clearly incorrect interpretation of the basic problem of monopoly capitalism.

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First of all, it is related to a sphere of questions connected with the term wide-spread in social-democratic literature—"organized capitalism."

At best the exaggeration of the "organized" and "planned" aspects of monopoly capitalism, the uncritical attitude toward the term "organized capitalism," and, at worst, its open apologists, characterize the opportunist conception of the basic problem of present-day capitalism, and in particular of "the third period," on the part of some Communist "theorists."

In his report at the Communist Academy, Ludwig declared:

> "There is absolutely no doubt that monopoly capitalism does not allow the productive power of capitalism to develop so anarchistically as took place at the time of free competition. *It is organized.* It is trying to harmonize markets and production, and to avoid the strangulation of sales and the fluctuation of prices."

And apparently in order that no doubt should remain of what he is talking about, Ludwig relates quite frankly in a corresponding point of the theses of his report that he is talking about "organized capitalism."

> "Born out of the growing difficulties of the struggle to satisfy the necessities of capital for profits, monopoly marks the last great attempt of capitalism to overcome that contradiction by way of organized capitalism."

Thus Ludwig identifies monopoly with "organized capitalism," discreetly forgetting that monopoly in no way does away with the capitalist contradictions. Thus Ludwig takes the first step along the road of opportunism, following immediately after Hilferding, who, in his characterization of "organized capitalism," points at the same time to its antagonistic character. In his article, "Problems of the Present Time" ("Gesellschaft," 1924, No. 1), Hilferding wrote:

> "The formerly separate forms of industrial, trade and bank capital, are trying to unite in the form of finance capital. This marks the transition of the capitalism of free competition to organized capitalism. The socialization of the labor process in heavy industry spreads to all branches of industry. Thanks to this, there is growing with it a conscious order and guidance in economy; they are trying to overcome on a capitalist basis the anarchy inherent in the capitalism of free competition. If this tendency could win its way unimpeded, we would have organized economy, even though it would be organized hierarchy in antagonistic form."

The truly amazing coincidence of style and thought of the social-fascist Hilferding and the member of the Communist Frac-

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tion of the German Reichstag, Ludwig, must strike every reader, however little experienced he may be in the present-day metamorphoses of opportunists from Communism.

And it is not merely a matter of coincidence in drawing conclusions, but in the whole method of analysis of the elements making up the celebrated "organized capitalism." The most important of these elements are the process of concentration of capital and the growth of mergers in present-day capitalist economy. But that is nothing—capitalist combines already existed before the war, even at the dawn of imperialism, however they did not then give rise to the question of "organized capitalism." One of these elements which prompted Hilferding to proclaim the new era of the economic and social relations within the various capitalist national economic systems, is the growth of the tendency toward *state capitalism.* The strengthening of the state capitalist tendencies permit Hilferding not only to put the question of "organized capitalism" more decisively, but to raise on its basis the theoretical superstructure of the transition from "organized capitalism into socialism."

This opportunist estimate of the present day development of capitalism is the starting point for the majority of the theories and practical tactics of present-day social-fascism. And it is not accidental that the Comintern devoted no little energy to the unmasking of the underlying content of the term "organized capitalism." Now those right opportunists already leaving the general line of the Comintern not only coquette with the term "organized capialism," but in their analysis of present-day capitalism, follow essentially the Hilferding method.

The basic error of the theoretical knights of Right opportunism in their estimates of present-day capitalism is the exaggeration of the tendencies toward state capitalism which are undoubtedly present in a number of countries at this time.

Hypnotized by the various factors in the regulation of private enterprises, or even of whole branches of industry, by the state, they jumble together into one heap the most widely varied phenomena or formally similar processes, but flowing from entirely different causes. It is obvious that it is impermissible to mix together tendencies toward state capitalism in Germany, formally analogous processes in Japan, and the efforts of the Fascist Corporative government to subordinate to itself all the various branches of economy.

Our "enthusiasts" for "state capitalism" do not even try to differentiate between various kinds of government regulation of industry, brought about in certain cases by virtue of the sharpening of the conditions of crisis, and in others, like temporary measures—

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the result of this or that political combination, etc. And Engels, in "Anti-Duehring," pointed out that:

> "Some of these means of production and communication are so colossal at the start, like the railroads, that any other form of capitalist exploitation (besides stock companies) is impossible. At a certain stage of development this form also no longer suffices and the official representative of capitalist society, the State, is forced to undertake their administration."

To this Engels adds the following footnote:

> "I say is forced. For only in case the means of production or communication have *really* grown beyond the powers of administration by stock companies, and that therefore their nationalization has become *economically* imperative, only in this case, even if the present state brings it about, does this represent a step in economic advance, the attainment of a new step toward the seizing of all forces of production by society itself. But recently, since Bismarck has adopted nationalization, a certain false Socialism has grown up, and here and there has even degenerated into a certain base servility, which declares every kind of nationalization. even the Bismarckian, as Socialistic. Were the nationalization of tobacco socialistic, then Napoleon and Metternich would have to be counted among the founders of Socialism. When the Belgian State built its own railroads out of ordinary political and financial considerations, when Bismarck, without any economic necessity whatever, nationalized the chief railroad lines in Prussia, simply in order to adjust them better in case of war and to train the railroad employees to become blind voters for the government, and principally in order to establish another source of revenue independent of Reichstag decisions—this would certainly in no way be a step toward Socialism, either direct or indirect, conscious or unconscious. Otherwise the royal shipping, the royal porcelain manufactures, and even the company tailors in the army, would be Socialist enterprises." (Page 298, German Edition).

In contrast to the present-day opportunist epigones of Marxism, Engels was able to approach the analysis of the process of nationalization dialectically. Engels here brings forth the criterion of economic *progressiveness* of this or that factor in the nationalization of various enterprises. *This* criterion completely escapes our "theoreticians." They benignantly postulate "laws," establish facts, and on that basis, consider themselves justified in building castles in the air of some mythical "organized capitalism."

The process of growth of tendencies toward state capitalism, represent themselves to our "theoreticians" as a certain peaceful, gradual concentration of guidance and control into the hands of the government over all the public economy of the country. Enthused by the driving force of the tendencies toward state capitalism, they consciously close their eyes to the most serious counter-forces. They

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forget that in line with the tendency of regulation by the government of certain extremely important enterprises, an opposition to this tendency can be observed in the form of the efforts of various enterprises to preserve their independence from the government and in the form of attack by private capitalists on the already existing fortresses of state capitalism.

It is fundamentally incorrect to represent all capitalists as striving with all their power toward the state capitalist "commune," or as dreaming night and day of the time when the government will at last begin to regulate them.

On the one hand, there are undoubtedly factors at work favorable to the strengthening of government regulation of private enterprise. Such as, for instance, particularly acute crises in various branches of industry, insufficient accumulation of capital in them. In such cases, the capitalists are ready to receive government subsidies, even when it means their increased dependence on the government apparatus. An obvious example of this kind of process is the organization of the government mercantile fleet by the U.S.A.

In 1915, the Secretary of State, MacAdoo wrote a letter to the President of the U.S.A. in which he explained the necessity of creating a government mercantile fleet, by saying that in the hands of private capital mercantile shipping would develop too slowly, that the reserves of marine capital were insufficient, and that the shipping companies on that account sometimes even have to carry losses. The United States was confronted with the necessity of overcoming the competition of the British mercantile fleet, especially in South America. Private companies could not face the losses which shipping companies were carrying at that time, and therefore the state mercantile fleet was created which, in the interests of the capitalist class as a whole, shouldered the losses for the sake of overcoming British competition.

But at the same time other forces are at work. When there is any improvement in conditions or when there is any favorable condition in this or that branch of industry, it vigorously defends itself from the bureaucratic guardianship of the state apparatus or of municipal "socialism." Capitalist competition receives a new modification in the form of the struggle of "free monopoly" with the state combines, merging with the government.

Such contradictory processes can be observed in Japan, in Germany, and especially obviously in England. In England, there is, for example, the "Committee of Telegraphic Communications," consisting of representatives of heavy industry, with the manager of the well-known concern "Hardman Lever" at the head, carrying on a policy for transferring the whole of the post-office business into

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private hands. The head of the post-office department, Lord Wolmer, expressed his conviction thus, that "were the administration of the posts to be transferred into private hands, it would not only increase its profits, but would better serve the public." (Retranslated from the Russian, which was quoted from T. Sailor in "Economic Life.")

This struggle of the two contradictory tendencies can be particularly clearly observed from the endeavors of British capitalism. On the one hand one can see how the government is participating in the development of capitalist economy, investing heavy sums in various branches of industry; on the other hand, the bourgeoisie is trying to free itself from government influence. The occasionally frenzied opposition of various enterprises of capitalist combines to the attempts of the government at regulation, can be explained by the fact that the capitalists, finding themselves in a better situation, are not prepared to lower their prices. This is taking place very often just now in consequence of government regulation, all the more since a disproportion between regulated prices and free prices is existing on the market.

The Institute of Business Conditions in Berlin has published the following table showing the divergence between "free" prices and regulated syndicate prices:

	"Free Prices"	*Syndicate Prices*
	(1925 *equals* 100)	
Beginning of 1926	91.8	98.8
Beginning of 1927	85.7	97.5
Beginning of 1928	93.5	97.9
Beginning of 1929	86.6	101.1

When the organ regulating prices is the government, it is forced by virtue of a number of reasons to cut syndicate prices a little. This kind of policy is being conducted, for example, by the British Government in connection with electric power situation. In case of the increase of their dividends by 8 or 10 per cent, the prices of electric current are decreased in accordance with a corresponding sliding scale. This takes place also with the gas and water companies, regulated by the government.

It is impermissible to mix together various forms of participation in various enterprises by the government. In England, for example, there are a number of forms of participation. Post, telegraph and telephone belong to the government and are entirely dependent on it. This also applies to the roads, docks, and factories of the War Ministry, the Mint, property in land, the Stationery Office, and a number of other small enterprises.

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The other form is the participation of the government in various private companies. For example, the British government is a holder of minority stock in the well-known Anglo-Persian Oil Company. The British Government subsidizes various branches of industry; the sugar industry, for example. Local self-government also plays a great role. At present, as in the United States, almost all the public utilities are in private hands; in England they are more and more being seized by municipal capital. But that is taking place by no means in a peaceful manner, but with the determined opposition of private capital, especially in the realm of building.

It is characteristic, for example, that one of the leaders of the Conservatives, Lord Birkenhead, in the most decisive manner comes to the defense of private capital and of personal initiative. Admitting that there are times when the government must interfere in the business of various enterprises, he nevertheless believes that competition is existing and will continue to exist.

There is no doubt that one of the most important driving forces to the growth of the tendencies toward state capitalism is the readiness of the bourgeoisie for a new war. In England, for example, we have the special interests of the British Government in subsidizing the production fo aeroplanes. In Poland the tendency toward state capitalism is particularly clearly reflected in the regulation by the government of branches of industry immediately connected with war. At the present time the Polish government has concentrated into its hands all the means of travel and communication, including the air lines, the exploitation of rock salts and potassium, about 50 per cent of the oil production, large undertakings for the exploitation of coal, zinc, and silver, all plants manufacturing arms, machine-guns, shells, powder, explosives, all aviation factories, a number of metal manufactures, all the production of nitrates, the biggest chemical plants which in case of war can be transformed into war industry, the factory of the stock company "Chemical Industry of Poland," etc.

All of these peculiarities of the various phenomena of tendencies toward state capitalism must be studied in an analysis of present-day capitalism.

(*To be continued*)

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A Labor Party—or?

By MAX BEDACHT

THE political unity of the American working class with the American capitalists still presents the greatest immediate problem for the Communist Party of the U.S.A. The numerical strength and social importance of the American working class does not yet find any political expression because the masses of American workers have not yet ideologically separated themselves from the capitalist class. Although their everyday economic problems of necessity rally them again and again against their bosses, the capitalists, the American workers still furnish the major portion of the political army of capitalism. In other words, politically, the American working class has not yet been born. As a political factor in the class struggle it is non existant, or, rather, it is a negative factor. It is lending strength to its own enemies.

The development of political consciousness on the part of the American workers is therefore the greatest immediate task of the Communists. This task was called to the attention of the early American socialists by Marx and Engels. It was never recognized fully by the socialist movement. It was completely disregarded when the socialist party began openly to disregard the class struggle and became the hunting ground as well as the dumping ground for the petty bourgeois muckrakers.

The Communist Party learned to understand this task only gradually. The consciousness of the importance of this problem had to struggle every inch of the way against revolutionary romanticism in ideology and sectarianism in practice. But gradually and finally the Party accomplished the first step towards its own mobilization for this task by acquiring an understanding of it. Very effective means in the acquiring of an understanding of this task were the repeated labor party discussions. In these discussions the Party correctly learned that the political separation of the working class from the capitalist class was of major importance. It had to learn also that this separation meant only rudimentary class action. It had to learn, that this separation had to take place upon a level of ideological understanding far below revolutionary class consciousness or readiness for revolutionary struggle. Before the American workingclass could learn the high mathematics of revolutionary class struggle, they had to learn the rules of common political-struggle arithmetic. The Party finally and unanimously agreed that the

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slogan "For a Labor Party" was at the same time an agitational expression and an organizational crystalization point for this necessary political, even though only primitive, separation of the American working class from the capitalist class.

Recent developments, however, raise a number of very serious questions concerning the further value of the slogan and campaign for a labor party for this separation. It is necessary for the Party seriously to analyze all of these new factors and either to re-adapt the labor party policy to the new conditions or to find a new form for the campaign for the political separation of the American workers from the capitalists.

The rapid growth of the acuteness of the crisis of capitalism accelerates the ideological development of the American working class. The constant progress in the intensification of labor, *i.e.*, exploitation, results in a general unrest on the part of the workers, crystallizing very definitely into offensive battles on the part of the workers against the capitalist class, while the economic pressure tends to rally the workers on the battlefields of economic struggles the experiences gained on these battlefields tend to develop more and more political consciousness. Our Party can, of course, not leave to spontaneity what can be the result only of conscious action. The development of political consciousness is not a natural and inevitable outgrowth of the experiences of economic battles; but the experiences of the economic battles supply the necessary and most indispensable agitational material with which the revolutionary Party can accomplish the task of leading the working masses out of the darkness of their political adherence to capitalism and the capitalist class into the light of independent and eventually revolutionary political action.

The present rapid growth of the acuteness of the crisis of capitalism not only creates a most favorable ground for the development of militancy and consciousness on the part of the workers; it also develops the consciousness and methods of struggle against the workers on the part of the capitalists. Thus we find that the American capitalist class which only yesterday blindly and indiscriminately fought against all conservative and reactionary trade unions are today combining this struggle with a crafty policy of using these organizations against the growing militancy of the workers. Through "B & O" plans and the like, the skilled workers organized in the craft unions are made instruments for speed-up and for increased exploitation of the masses of unskilled and semi-skilled. The organization of the skilled workers becomes a wheel in the general machinery of increased efficiency in the exploitation of the workers. This process is consciously supported by the re-

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actionary leadership of these craft unions. The bribing of small sections of the working class by the capitalists becomes a scientifically and systematically applied process aiming at the reduction of the bribed section and an intensification of the exploitation of the broad masses. And last but not least, the rapid integration of the reactionary trade unions into the general apparatus of the exploitation of the working masses are accompanied by a rapid politicalization of the role of these reactionary unions, expressed in fascization. The voluntary subordination of the remnants of the socialist party to the general interests of capitalism not only extends this process of fascization to the socialist party but even accelerates this process with the socialist party because of the clear consciousness with which the leadership of the socialist party plays its role. Recognizing this fact of the fascization process of the craft unions and of the socialist party, however, our Party must still keep in mind masses of workers to whom this process is by no means clear, and whose adherence to the unions as well as to the socialist party is not based upon a realization of this process. It is based rather upon illusions which blind these workers to the facts of this process. In other words, masses of workers still follow the leadership of these bodies not because they are rapidly developing toward fascism but in spite of it, since they do not see this process. The problem of our Party is with these masses. The policies of our Party must be designed with a view of proving to these masses the real character of the reactionary leaders they have been following.

It is precisely this task which raises before us the question of the further value of the labor party slogan and labor party movement as a contributing factor toward the birth of political consciousness on the part of the American workers.

The general rapid leftward drift of the masses of American workers is not only met by the conscious utilization of the reactionary labor organizations, unions, socialist party and so forth, but also creates more and more political activities among the liberal petty bourgeoisie. This strata, in spite of its social uselessness, never abandons its hope for political leadership. This hope rises highest exactly in critical periods, when troubled waters invite fishing. This petty bourgeois liberal element is fully aware that it must look for its political strength to the working masses. The big bourgeoisie does not need their political leadership; the petty bourgeoisie is too insignificant a factor; it can therefore ride into political power only on the back of the workingclass. Since it does not represent and cannot represent the interests of the workingclass, it must try to get on the back of the workingclass by means of demagogy and deception. For these reasons the liberal petty bourgeoisie always

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manipulates with slogans and program planks approaching working-class formulations. It is therefore no wonder that precisely with this movement it is the petty bourgeois liberal element that raises very persistently the issue of a labor party.

The recent elections in New York, where the republican politicians testified to the acceptability of the "socialist" Norman Thomas as representative of the interests of the big bourgeoisie, have especially generated the hopes and aspirations of the petty bourgeois liberals. In all sorts of declarations of love to Norman Thomas in particular and to the socialist party in general they approach the question of a third liberal party, if possible a labor party. Even though the shy "maiden," the socialist party, is still pretending to refuse the offer, yet her solicitious glances at the wooer leave no doubt about her eventual submission. But be this as it may, it is not decisive for our argument. The fact still remains that the labor party slogan at this moment becomes a deflecting force in the development of political consciousness of the American workers.

The role which the British labor party is playing in the present tenure of office of the British "labor" government is so openly pro-capitalist and pro-imperialist that the conservative party is fully justified to declare publicly that it has no occasion for a serious political attack against the MacDonald government because the MacDonald government is carrying into effect the policies of the conservative party. The MacDonald government is covering the imperialist attacks on the exploited masses of the colonies as well as the participation of British capitalism in the conspiracy of world capitalism against the Soviet Union with the pink mantle of labor party policies. The purpose of this maneuver is to make these preparations palatable to the masses.

Under these conditions, when the reality of the labor party does no longer represent independent political action of the working class but represents open imperialist policies under cover of an anti-imperialist firm, propaganda for a labor party can no longer represent propaganda for independent political action but becomes propaganda for an under cover instrument of imperialism. Under these conditions, propaganda for a labor party can no longer be considered conducive toward the development of independent political action of the working masses but becomes a recruiting campaign for organized fascism under the leadership of reactionary labor leaders and disruptive petty bourgeois liberals. Under these conditions, the labor party slogan can no longer be considered to stand for class division but rather becomes a means of covering the outrageous hitching up the masses of workers before the chariot of imperialism.

My conclusion therefore is that it is impossible at this moment

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to use the labor party slogan and labor party movement unqualifiedly in the campaign for the development of independent political action of the workers.

But this conclusion is not enough. It represents merely the negative side of the problem. The problem of politically separating the workers from the capitalists still continues to exist. It is therefore not enough to conclude that the labor party slogan is no longer useful. We must find new tactics to accomplish the absolutely necessary ideological separation of the workers from the capitalists. This is the indispensable first step toward the revolutionization of the labor movement. This problem cannot be solved by replacing the broad movement and slogan for a labor party with the narrow and, under the existing conditions, sectarian slogan for the Communist Party.

In making this statement I do not close my eyes to the increased possibilities of the Party to come forward as the political leader of the working class precisely because of the very characteristics of the present period which make the labor party movement an openly reactionary movement; nor do I desire to convey the impression that the Party does not have to come out more decisively, more openly and more often than in the past as the political spokesman and leader of the American working class. But in spite of this, I maintain that the Party alone cannot supply the gathering bassin for workers disillusioned by their experiences of capitalist politics; the Party alone cannot be the organizational receptacle for these masses; nor can the Party alone be the rallying slogan upon which developing ideas of independent political action on the part of the workers can be definitely crystallized. For this purpose we must still employ united front tactics. But these united front tactics can no longer be pivoted in and grouped around the labor party slogan or the labor party movement.

The united front movement for the development of independent political action, or, better, for the development of an independent political consciousness of the workers must find new forms adapted to forms of united fronts from below exclusively. Insofar as these united fronts cannot utilize any longer the generally accepted form and term of labor party, it is clear that the Communist Party will have to play a more outstanding role in and will have to be more definitely identified with the united front movements. These movements must take forms and contents which do not assign to the Communist Party the role of an "also-tolerated" part of the united front, but the Party must be the open and outstanding ideological and organizational leader of these united front movements.

These new forms of political united front movements do not

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presuppose permanent organizational forms; but that is not important. After all, the transition of the pro-capitalist political conceptions of the workers into class conceptions is not an organizational but an ideological problem; nor does this transition presuppose a temporary resting place in the form of a labor party or a like organization.

The workers need not find a haven after they have left the fold of capitalist politics and before they enter the spheres of revolutionary politics. The present developments permit a conception of continuity of this process and a more rapid completion of it. Even the labor party could not be so much a school in which the workers would learn revolutionary action but rather an indication of the fact that the workers have learnt something and are in the process of learning more of political class action.

The formation of political united fronts from below raise two very important and very serious problems. The first of these problems is the method of building these united fronts. The fact that the united front from below must be based directly upon the masses presupposes, first, that insofar as these masses are gathered in existing organizations the appeal is directed not to the organization so much as to the rank and file. This rank and file, in spite of their membership in the organization, do not represent an organized entity outside of the entity embodied in their leadership. Second: the appeal has to be directed to the unorganized masses which cannot be reached through any organization. These united fronts therefore must base themselves primarily either upon groups of workers or whole crews of workers in shops, mines and industial establishments.

To carry through such united fronts, therefore, necessitates the complete bolshevization of our Party in its organizational forms; the Party's roots in the factory must cease to be a mere slogan and must be made an organizational reality. By building the Party units into the shops and factories, by utilizing the individual Party members in shops and factories for the building of shop committees, by intensive shop agitation and organization, the Party not only creates an ideological basis among the masses in the shops and factories for such united fronts but also solves the problem of the Communist leadership in these united fronts.

The second of these problems is the political preparations for these united fronts. In this respect our Party has much to learn. It is not yet a political party in the full sense of the word. Its inner Party differentiation between political and industrial work, for instance, is not merely a formal differentiation between certain kinds of activities but denotes a very conscious differentiation between

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political and other activities. This differentiation is unhealthy. Out of this differentiation grows the disparity between the volume of workers ready to follow Communist leadership in strikes and the much smaller volume of workers ready to follow Communist leadership in election campaigns. This disparity cannot be explained entirely by lack of citizenship.

The Party has not yet become fully conscious of its primary political functions. Communists active as strikeleaders display their own lack of political understanding in opportunist conceptions which manifest themselves primarily in the all too evident absence of the Communist Party as a Party in such strikes. This point may be illustrated by recalling the fact that after months of Communist strike leadership in Passaic, the question was raised for discussion whether the building of the Party, the recruiting for the Party in the strike would not interfere with the strike. That this disease is an inherent one is illustrated by the further fact that although in the discussion of this problem in the Passaic strike the correct policy was agreed upon very definitely, the same problem, the same question, the same hesitation appeared again in other instances of communist-led strikes with the result that the strength of our Party is not augmented in the degree in which the influence of our Party among the working masses increases. The confidence of the workers gained by Communist leadership in the strike is not turned into political capital for the revolutionary movement and is not crystallized into organizational strength by the Party.

Another illustration of this shortcoming on the part of the Party is the utter disconnection between the general activities of the Party, especially the Party's leadership in strikes and the election campaigns. The problems arising out of the strikes for the workers involved are not congealed into terse and catching political slogans and demands which, when again brought before the workers through the Party in its election campaigns could be recognized by the workers immediately. The result is that the workers do not see any connection between the leadership of the Party in strikes and the leadership of the Party in the election campaigns; they do not recognize in the planks of the election platform of the Party the same political demands which the expediency of their economic struggles had taught them to be correct and necessary. The general lack of connection between the different campaigns of the Party is especially harmful when it is expressed not only in organizational inability to subordinate one campaign to the other or to coordinate one campaign with the other, but when it finds expression in an ideological disconnection between one campaign and the other. If we solve this problem we will contribute considerably to the solution of the problem of political united fronts with the masses of workers.

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The necessity therefore of adapting our political activities to the policy of political united fronts from below is forcing the Party to give careful consideration to the political issues raised in all battles of the workers, and to the formulations given to these issues. It will force the Party to recognize once and for all that the political activities of the Party are not confined to the election campaigns but that all Party activities culminate in its aim of politicising the activities of the working class and in the aim of establishing its revolutionary leadership over these activities.

A careful formulation of the political issues arising out of the economic battles of the workers will not only awaken the political consciousness of the workers; it will not only teach the workers the essentially political character of their economic battles; but it will show them very definitely that the political battle of the election campaign is merely a continuation of their battle for hours and wages. If we do not succeed in teaching the workers this, we will not be able to teach them the illusionary character of parliamentary battles; we will not be able to revolutionize their political activities.

The sloganization of the political issues arising out of the economic battles of the workers supplies the basic platform to the political united fronts proposed in this article. Of course, just as in any other united front, the Communist Party as a Party is not tied to this united front program. It has its own political program and its own political aims. It never ceases to work for these aims and to advocate its program but it unites with such masses of workers as are not yet ready to follow it into revolutionary action, but are ready to fight with the Communists, and under their leadership for a minimum program embodying political demands and platform planks which the experience of the daily battles has made acceptable and desirable for these masses of the workers.

These united fronts must be real united fronts and not merely the Communist Party in disguise. Wherever the united front merely supplies a disguise for the Communist Party, it does not supply a broader field of action for the Party but it rather curtails the Party's ability to propagate its own program. The necessity to maintain the fiction of united front, forces it in such cases to pretend to be what it is not: a united front. Such united front movements must comprise real non Party masses within the programmatical framework of a minimum program. This minimum program must reflect the indispensable political needs of the masses as recognized by them on the basis of their own experience. If these prerequisites are present, the Communist Party will be able to work within these united fronts, as a guide and leader of the masses. There will be no necessity of concealing the Party's aims or soft pedalling on

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its program. The more dominant position of the Communist Party in these united front movements is fully in accord with the possibilities which the present acuteness of the post-war crisis of capitalism present.

A reorientation of our Party along these lines will open new possibilities. The exchange of the labor party policies for new forms of political united fronts will not hamper the development of political consciousness on the part of the American workers; it will rather hasten it. These new forms will be much more in accord with the trend and the rapidity of the development of the class struggle of this period. In accord with this trend of development, it will put into the foreground the problem of political class action of the workers rather than the organizational forms which such action had taken in the past. Let the class action suggest suitable organizational forms, instead on relying on the organizational form (a labor party) suggesting the action.

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Against the Labor Party (Militant Reformism) in the U. S. A.

By J. ZACK

IN the decade just prior to the World War, when the struggle of the petty bourgeoisie in city and country against the grasping hand of monopoly came to a turning point, this section of the population reinforced by considerable groups of skilled workers, rebelled against the two major capitalist parties, particularly against the Republican Party, and formed their own organizations, some to bore from within and capture the local party machinery of the old parties (non-partisan leagues) in the Western agrarian states. The socialist movement of the time with all its reformism was too revolutionary for these elements who, although impatient with the empty reformist promises of the capitalist party politicians, did not want to subscribe to a movement which at least theoretically was standing for the abolition of the capitalist system. The high point of this type of militant reformist movements before the war was the Bull Moose Progressives whom Theodore Roosevelt, Monroe Doctrine imperialist par excellence, later president of the U. S. A., led into safe capitalist channels.

During the high tide of anti-war sentiment, before the entry of the U. S. A. into the world war, these petty bourgeois radical movements were quite popular and achieved in their territories considerable successes, so did the Socialist Party, only to go over to the Government's side as soon as war was declared.

With the conclusion of the armistice, the war boom began to fade out, the capitalists were out to deflate labor in the city and on the countryside, a particularly severe agricultural crisis developed, six million were thrown out of work in industry. The Russian Revolution had its powerful effect also in the U. S. A. Huge mass strikes took place, general strikes in several cities, a Communist Party was formed, the government suppressed it, arresting 70,000 in night raids, out of it all by the time of the 1924 presidential election (which took place when industry was again stabilized on a peace basis) arose the Farmer Labor Party movement, and finally the LaFollette middle-class movement.

About this time, that is, at the end of 1923, Comrade Pepper came to the U. S. A.; his ambition was to help our Party become a mass Party, a very worthy ambition indeed, but he had, may I say without insult to the great Corsican, "Napoleonic" ideas as to

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how to do it, like all immigrants that absorb the "American" spirit of getting rich quickly. He wanted to do it, so to say, with a few Napoleonic master strokes. I am sure that up till today he blames the Comintern for his failure.

His idea was that the Communist Party could join the LaFollette movement, bore from within, this big opposition stream acting as a ginger group from within. *The idea was to force the LaFollette movement, which was essentially a petty-bourgeois movement within the capitalist parties, into forming a third party in opposition to the old capitalist parties* and then boring from within to split off the left labor elements, then out of these elements form a farmer-labor party from which was to come the Communist Party—a four-wheel theory. Pepper ascribed to the petty bourgeoisie in the U. S. A. a revolutionary role. He spoke in his articles about a "LaFollette Revolution." He theorized about the great differences between the capitalists of the finishing industry and the raw material industry, and as Henry Ford, the automobile manufacturer, was wavering, Pepper openly in the Party press expressed the desirability of Ford joining the LaFollette movement.

After Pepper had the Party committed to LaFollettism, his policy was overruled by the Comintern, and thus the Party was saved from this petty-bourgeois swamp. When this Kuomintang theory for the U. S. A. was overruled he stuck to the theory on a three-wheel basis, that is, form a Farmer-Labor Party, and then, out of its left wing, a mass Communist Party. This was the essence of the famous August, 1924 thesis of Pepper. Finally, the Comintern overruled this theory as well, that is, the theory of Communists forming a two-class party in the U. S., but the theory of a reformist Labor-Party minus farmers, to be formed by the Communists and based on the more exploited and therefore militant section of the skilled unions, remained until the Sixth Congress, where the policy was changed to the slogan of "*Labor Party from below*," to be based upon the unorganized. Such is the history of this exceptional theory. Before going more into the essence of this question, I will add that in practice, during the last five years, this policy has proven to be a complete falure. In spite of all our efforts, it was impossible to bring life into this theory. There is no mass Labor Party movement today, and the little there is, is in agrarian states, controlled by middle classes and bitterly hostile to the revolutionary proletariat.

WHY THE THEORY IS WRONG

Pepper's theory presupposes that at this stage of imperialism we must go through mechanically (in a shorter time as he claims)

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with a development similar to Great Britain, plus that we should participate in the formation of a Liberal Party first. Then labor would emancipate itself, take the middle and poorer farmers along and form a Farmer-Labor Party, and as in England, following Lenin's idea, the Communists were working from within the Labor Party, why in the U. S. should they not form one also, in order to work from within.

Pepper in conceiving this fantastic mechanical transplantation of European experience just forgot (if he ever knew) Marx and Lenin completely, not because there is not the possibility of so-called Liberal Parties being formed by the bourgeoisie, but by the fact that under the high capitalist development in the U. S. A. with its gigantic proletariat (after the Russian Proletarian Revolution) such a party will be from the very outset a Party that will serve the purpose of fascizing the state. It will be the most aggressive force against the proletariat and a product of the struggle against it, and not a revolutionary factor as Pepper conceived.

The incorrectness of this was already apparent with sufficient clearness for anyone who cared to see it, even in 1924. In the U. S. A., due to its high development, we have an enormous stratum of what I would call "new petty-bourgeoisie," that is, persons who, according to their income are higher paid than even those of the skilled workers, but below those of the capitalists, can be placed in that category. This stratum numbers about six million, but contrary to the petty-bourgeoisie in the classic sense, who are independent producers or merchants, and therefore are interested in the struggle against monopoly, this new petty-bourgeoisie, that is, petty officials in the production process, from skilled assistant foreman to the so-called salaried employees, technicians, professional men, etc., then we have the same independent vendors of the products of the trusts, petty real estate men, and all kinds of semi-independent dispensers of services, as well as all manner of petty officials in the public services, etc., etc., are directly interested in the favorable development of the trusts *and are not against them in principle*. Then we have the labor aristocracy of about four and a half million, about forty per cent of whom are organized, and who are bourgeoisified ideologically and see their future in the progress of monopoly.

But even the petty-bourgeoisie and middle classes who are independent producers and distributors, under the pressure of the cut-throat competition characteristic of monopoly development, and although *opposing monopoly in principle*, are, in order to survive, intensifying the exploitation of the workers they employ and fear and fight the proletariat just as viciously and even worse than

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the monopoly officials themselves. In this category also comes a large stratum of more or less well-to-do farmers. I leave it now to the reader to draw his own conclusion as to what kind of Liberal Party this would be, very liberal indeed, in the application of fascist methods against the working class.

We see then that the "vigorous" development of American capitalism has produced a big stratum of imperialist petty-bourgeoisie and labor aristocracy, which plays its specific role against the proletariat whenever a critical situation arises.

* * *

I have stressed the role of these various petty-bourgeois groups in relation to the working class and particularly towards revolutionary tendencies. There are of course differences amongst them based on economic interest. All these petty-bourgeois stratum want a greater share of surplus profit from monopoly capital, others are opposed to monopoly in principle, etc. Whenever there is a depression or economic crisis, these differences manifest themselves more clearly amongst them, and tend to intensify the opposition tendencies, and what is more important, the crisis stirs the deep layers of semi-skilled and unskilled and the poor farmers, and especially oppressed nationalities like the Negroes. In such an event, these opposition moods which ordinarily express themselves and simmer within the old capitalist parties, particularly the Democrats, become more militant and take one step outside of the capitalist parties. This manifests itself by the putting up of independent presidential or local candidates. Such was the Roosevelt Bull Moose, the LaFollette movement, etc., etc. The new petty-bourgeoisie and imperialist labor aristocracy gets a hold of these movements, very often obtains certain concessions from big capital, that is, it utilizes the masses to press out concessions for itself, then betraying the interests of these masses it leads them back into safe capitalist channels. The organized labor aristocracy in such events transplants the strike-breaking methods of its bureaucracy and its class collaboration policy to the political field.

What Pepper failed to notice altogether blinded by his theory about the revolutionary role of the petty-bourgeoisie, is that a considerable section of the opposition movement of the petty-bourgeoisie and labor aristocracy already then assumed openly fascist forms, the Ku Klux Klan which then swept through various states and grew very rapidly. The American Legion (ex-soldiers) and numerous similar local organizations, who committed many murders of militant labor organizers, were manifestations on a national scale against the gigantic strikes and labor unrest then taking place.

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These organizations were dissatisfied with the slow tempo of the old parties. They wanted *for a price* a more vigorous policy against the workers and for that purpose they were boring from within the old parties in the service of big capital. The smashing of labor was what they considered as the proper solution of the crisis.

The working class then had no revolutionary leadership and the rapid stabilization and liquidation of the crisis and the post-war "prosperity" boom arrested the vigorous development of these new tendencies. *The role of the new petty-bourgeoisie was, however, the most significant new sign of the times and not the "LaFollette Revolution."*

(*To be continued*)

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The Swan Song of the Conciliators of the Communist Party of Germany

AFTER their crushing defeat within the Party, two paths lay open to the group of conciliators—to admit their mistakes honestly and frankly, to abandon their platform, which the everyday facts refuted, to agree unreservedly with the decisions of the Party Congress, and thus close the sad chapter of conciliation, or, if they are not convinced of the correctness of the line of the Comintern and of the Party, and if they want to continue to embody a tendency of their own,—to assume the consequences of a break with the Party and to go the path of the Brandlerites.

The conciliators wanted neither one nor the other. They demonstrated anew that their essential characteristic is that cowardly opportunism, which fears every consequence. Neither yes or no, neither war nor peace, to admit with one phrase that which the next denies, to leave all doors open on all sides—this wisdom of the conciliators' diplomacy was tried out again at the twelfth Party Congress. This group is incapable of taking up a clear and unequivocal position. They try to disassociate themselves simultaneously from the arguments of the Brandlerites against the Party and from the arguments of the Party against Brandlerism. What comes of this is shown by the pitiful product which was presented at the Party Congress as the "Declaration of the Minority of the Central Committee."

It is hardly necessary to refute this "declaration" since it does so sufficiently itself. One can find the counter-argument within their platform itself for every argument it contains. We will content ourselves with pointing out a few examples of this "unity of contradictions" and to reveal their political significance.

After a struggle lasting for months, in which the conciliators did not hesitate to make the most drastic accusations against the Party, they are trying now to minimize their differences of opinion as of an "exclusively tactical nature."

"We have a different estimate of the present situation." A mere trifle! As though the Hilferdings and Otto Bauers haven't differences with the Communists on these very points! That some day a revolutionary period will come, in which the proletariat has revolutionary tasks to face is readily admitted by all reformists at any

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time. But they want nothing to do with actual revolutionary tasks. That is why the differences with the opportunists in the *Arbeiter partei* always begin with the fight about the estimate of the situation. The conciliators "merely" failed to understand the shattering of capitalist stabilization and the sharpening of the class struggle. What they saw and emphasized as typical of the third post-war period—the advance over the pre-war level of production, the tremendous development of capitalist monopolies, the development of state capitalistic tendencies, etc.,—all this the Social Democrats also pointed out.

Thus, although we were dealing only with little secondary "tactical" differences of opinion, the "minority" declares they are not a fraction, but "a tendency which arose in the course of the discussions." This fine differentiation of ideas is beyond the comprehension of an ordinary Party member. Up to the present we have always been of the opinion that in the Communist Party there can be only one line, the Bolshevist line. At the Sixth World Congress Comrade Ewert acted as though he were very indignant when Comrade Ulbricht stated in the discussion that Comrade Ewert's opinions on internal Party matters must lead inevitably to Trotskyism. The Party as a jumble of various tendencies—that is just what the Trotskyist idea is.

And this "tendency," which is supposed to have only "tactical" differences, modestly reproves the Party at the same time as follows:

> "The policy of the Party . . . thus breaks with important tactical teachings of Leninism."

Thus the "tactical" differences of opinion reveal themselves as differences of opinion on the principles of tactics. That is a typical example of a policy with a double basis which is characteristic of the conciliators. "Merely tactical differences"—this is their method for securing unrestricted freedom of movement within the Party for this "tendency." "The Party is breaking with important tactical teachings of Leninism"—this is their method of discrediting the Party.

This same ambiguity manifests itself in the position of the conciliators on the question of discipline. On the one hand the declaration states that the Party leadership is not fulfilling the conditions laid down by Lenin for the discipline of a revolutionary Party; on the other hand the conciliators are willing to pledge themselves to the maintenance of discipline, but they set up counter-demands at the same time for "inner-Party democracy," the "right of criticism," etc. It is quite clear that that kind of promise to observe discipline, whereby no obligation is actually recognized, can only mean breach

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of Party discipline. This is how Comrades Thaelmann and Remmele characterized this maneuvre at the Party Congress.

This declaration itself reveals how the conciliators regard the maintenance of discipline. The declaration claims that the line of the Party in the factory council elections, which was laid down in conjunction with the ECCI and the RILU, was false:

> "The functionaries in the factories simply did not carry out this line, which was contradictory to the Sixth World Congress. (This false and badly understood tactic also led to some extent to passivity and retreat before the Reformists.)"

What else can this be but the justification of breach of discipline, an encouragement to disregard Party decisions in practice! "To some extent" the failure to carry out the decisions of the Party was passivity and retreat before the reformists! This Ewert, Myer & Co., are kind enough to admit. But in these cases it was also the wrong tactic of the Party which was to blame! To some extent, however, and that also applies "in general," the functionaries of the Party acted correctly when they did not carry out the decisions of the Party!

Were the Party to tolerate such standpoints in its ranks, were it to allow a group which modestly calls itself a "tendency," to advocate the sabotage of Party decisions in this manner, it would become the laughing-stock of its enemies. A revolutionary Party, which tolerates theories justifying breach of discipline, is incapable of fulfilling its tasks.

It is superfluous to take up again the argument with the conciliators on the question of the estimate of the situation, since they have nothing new to say on this fundamenal question. The whole result of their "analysis" can be summed up in one sentence: "In Germany there is nothing new." In his discussion Comrade Ewert managed to expound at great length the news that we are living in a democratic republic. In the tenth year of the existence of this institution this is not so difficult to discover. Bu the fact that something is beginning to change in the character and in the methods of rule in this republic in the present period—this our wise comrades cannot understand. Ewert formally withdraw the notorious formulation, which has been frequently quoted, that the bourgeoisie is governing "neither with fascist nor with dictatorial methods, but with the closest cooperation of the Social Democrats." But the "declaration" repeats the same nonsense with other words:

> "The characterization of the present situation as a dictatorship of fascism or of social-fascism is, however, opportunist (!), since it serves to draw the attention of the masses from the fact that the most dangerous weapon of the dictatorship of finance capital at

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> present is Social Democracy and its social-imperialist coalition policy. It is unMarxian (!) to call every oppressive measure of the bourgeois state against the proletariat fascism, and every participation of the Social Democrats in the oppressive measures social-fascism."

Neither in the speeches nor in the decisions of the Party Congress has anything been said about the existence at this time of a social-fascist dictatorship in Germany. To ascribe statements to one's opponent which he has never made is an evil method of impertinent demagogy. What we claim is that at the present time the bourgeoisie is making increasing use of fascist methods in the democratic-parliamentary forms of government, and thus prepares the transition to fascism. In this process of development the Social Democrats are playing an active role as the governing Party, and are thus transforming their own character by substituting the methods of fascist terrorization of the working class more and more for the methods of reformist demagogy, by replacing the ideology of "pure democracy" by the ideology of the dictatorship of the *Reichsbanner*, of the trade unions, etc.

The conciliators take no notice of all this. They discover opportunism in our analysis because according to their understanding it shies from the fight against the Social Democrats. The Social Democrats themselves have a different opinion.

"Vorwaerts" of June 30 devotes a whole editorial in defense against the expression "social-fascism." These social-fascist leaders feel that our characterization has hit the mark. They understand very well that the workers will strengthen the fight against the Socialist Party when social reformism will be exposed as an active force preparing and carrying through the transition to fascism. The conciliators are only betraying their own opportunist estimate of reformism if they believe that the fight against fascism would lead away from the fight against the Social Democrats.

Here, moreover, the conciliators are only echoing the wisdom of Brandler and Thalheimer. The Brandler sheet approvingly quotes a protest of the National Socialists against characterizing the Social Democrats as "social-fascists." It is easy to understand why the Brandlerites want to hear nothing of social-fascism. They will not allow the nest into which they want to settle comfortably, to be befouled. The conciliators, who as representatives of the Right within the Party are also representing the course of rapprochement to reformism, have essentially the same reason for protesting against the correct characterization of reformism in the present phase of development.

They whine at length about the "non-application of the united front tactic." They cannot see that we are actually realizing the united front on a much higher scale from below among the masses

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in open struggle against reformism. After weakening in their resistance to the Brandler campaign against the leadership during the Ruhr struggle, they now reproach the Party with not having understood "how to make revolutionary united front organs out of the leading bodies for struggle against the treacherous strike strategy of the reformists."

One seeks in vain in the "Declaration" and in the speeches of the conciliators not only for proof of these assertions but also for practical proposals on how to improve the organization of the united front bodies. In reality these "Leninists" are not really satisfied with united front organs as long as they do not include a representative of Social Democratic policies. That has always been the real purpose of their criticism.

The failure to understand the forms of the united front in the present period of sharpened struggle against reformism, is also shown by the attitude of the conciliators toward the May-Day struggles. After these heroes could not find the courage for a whole month to say anything in the leading bodies of the Party about their estimate of this great historical event, they repeat in their declaration the wisdom they have learned from the Brandlerites and the Urbahns people:—the Communists should have participated in the indoor trade-union meetings. But these tried and true tacticians did not reveal to us whether the Communist trade unionists should have meekly swallowed the speeches of the trade-union bureaucrats in a disciplined manner, or whether their May Day celebrations should have been turned into a struggle between Communist and Socialist workers. For Ewert and Meyer themselves surely know that it would be impossible to carry on a comradely discussion even on the form and content of the May-Day celebration.

In reality this "tactical" proposal again gives expression to the fact that the conciliators, just as the Rights, fail to understand the change in the camp of the reformists. In 1928 the trade unions were still celebrating May-Day as usual, giving the Communists the opportunity of lending it a revolutionary character with their banners and slogans. In 1929 the trade union leaders influenced the chief of police to prohibit and smash up the May-Day demonstrations. In these circumstances no class-conscious worker could quietly go into the halls to celebrate May-Day together with these betrayers and executors, while the unorganized workers, isolated from the organized workers, would under such tactics be defying the police terror on the streets alone.

In their declarations the conciliators establish a common ground with the Brandlerites. They express above all their disagreement with the estimate of the Brandler group as Left Social Democrats which was made in the open letter of the ECCI in 1928, although

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they give their formal endorsement to this document. Insofar as they do criticize the Brandler group, they direct their criticism not against the Menshevist character of the entire policy of these renegades, but against their tactical—or rather, in the opinion of the conciliators, tactless—attitude toward the Party. It is not their opportunism with which the conciliators reproach their friends of the right, but their failure to exercise that diplomacy which is essentially the nature of cowardly opportunism. They remind their kindred spirits that they have also declared their differences as being merely of a tactical nature. They take this declaration as gospel, since there have in fact always been only "tactical" differences between the conciliators and the Rights.

Obviously the conciliators want the doors to the Brandler group left open. They regard this branch of Menshevism as a group which has only slightly deviated from Bolshevism:

> "At the same time, the Brandler organization is developing a number of opportunist deviations from the Bolshevist line for winning over the masses. . . . In the tendency to develop an independent Party, these deviations unavoidably crystallize into an opportunist system."

That, then, is the position of the conciliators between the Party and the Menshevist Brandler tribe! They reprove the Party on the one hand for having broken with important teachings of Leninism, they reprove the Brandler group on the other hand merely with having deviated on a few points from Bolshevism, and would be forced to adopt an opportunist system if they were to transform their group formally into a Party!

It is obvious that the Communist Party cannot tolerate such a group of ambiguous opportunists who wish to keep the doors open toward both sides—to reformism as well as toward Bolshevism. Through Comrade Thaelmann, the Party Congress has demanded complete ideological and organizational disarmament from the leaders of this group. The declaration which Ewert made, that they will maintain discipline and will no longer advocate their platform, cannot suffice. In a Bolshevist Party, it is not enough merely to refrain from propaganda of a Menshevist outlook. The lack of courage to champion their convictions does not make fighters for the Bolshevist outlook out of the followers of Menshevist conceptions.

The far-reaching though not complete capitulation of the leaders of the conciliators, has led to the entire disintegration of their group. Part of them are heading straight for the camp of the Brandlerites, like Karl Frank, who openly declares the conciliators bankrupt because the diplomatic representation of opportunism within the Party

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is no longer being tolerated. One section of the proletarian followers of the group has unreservedly endorsed the decision of the Party since the Party Congress. What the few generals without an army, who still do not know where they belong, intend to do, is of very slight importance to the development of the Party.

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Espartero

By KARL MARX

(*The following article was printed in the New York Daily Tribune on Saturday, August* 19, 1854, *as an unsigned article. It is one of the many contributions to that journal from the pen of Karl Marx, in which his genius for historical analysis created documents of permanent value, far above that of the events with which he dealt. Today the name of Espartero holds interest only to the historical antiquarian , but Marx's analysis of his role takes its place among the text-books of revolutionary politics. The "Esparteros" are still to be found in large numbers, especially in the colonial and semi-colonial countries where the revolution is still faced with the task of clearing away the relics of feudalism, and where the heroes of the petty-bourgeoisie, such as Wang Ching-wei in China, still perform their counter-revolutionary role in the trappings of pseudo-revolutionary phrases.*—EDITOR.)

IT is one of the peculiarities of revolutions that just as the people seem about to take a great start and to open a new era, they suffer themselves to be ruled by the delusions of the past and surrender all the power and influence they have so dearly won into the hands of men who represent, or are supposed to represent, the popular movement of a by-gone epoch. Espartero is one of those traditional men whom the people are wont to take upon their backs at moments of social crises, and whom, like the ill-natured old fellow that obstinately clasped his legs about the neck of Sindbad the sailor, they afterward find it difficult to get rid of. Ask a Spaniard of the so-called Progressist School what is the political value of Espartero, and he will promptly reply that "Espartero represents the unity of the great liberal party; Espartero is popular because he came from the people; his popularity works exclusively for the cause of Progressistas." It is true that he is the son of an artisan, who has climbed up to be the Regent of Spain; and that, having entered the army as a common soldier, he left it as a Field-Marshal. But if he be the symbol of the unity of the great liberal party, it can only be that indifferent point of unity in which all extremes are neutralized. And as to the popularity of the Progressistas, we do not exaggerate in saying that it was lost from the moment it became transferred from the bulk of that Party to this single individual.

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We need no other proof of the ambiguous and exceptional character of Espartero's greatness, beyond the simple fact, that so far, nobody has been able to account for it. While his friends take refuge in allegoric generalities, his enemies, alluding to a strange feature of his private life, declare him but a lucky gambler. Both, then, friends and enemies, are at an equal loss to discover any logical connection with the man himself, and the fame and the name of the man.

Espartero's military merits are as much contested as his political shortcomings are incontestable. In a voluminous biography, published by Senor de Florez, much fuss is made about his military prowess and generalship as shown in the provinces of Charcas, Paz, Arequipa, Potosi and Cochabemba, where he fought under the orders of General Murillo, then charged with the reduction of the South American States under the authority of the Spanish Crown. But the general impression produced by his South American feat of arms upon the excitable mind of his native country is sufficiently characterized by his being designated as the chief of the "Ayacuchismo," and his partisans as "Ayacuchos," in allusion to the unfortunate battle at Ayacucho, in which Peru and South America were definitively lost for Spain. He is, at all events, a very extraordinary hero whose historical baptism dates from a defeat, instead of a success. In the seven years' war against the Carlists, he never signalized himself by one of those daring strokes by which Narvaez, his rival, became early known as an iron-nerved soldier. He had certainly the gift of making the best of small successes, while it was mere luck that Moretos betrayed to him the last forces of the Pretender, Cabrera's rising in 1840 being only a posthumous attempt to galvanize the dry bones of Carlism. Senor de Marlani himself, one of Espartero's admirers, and the historian of modern Spain, cannot but own that that seven years' war is to be compared with nothing but the feuds waged in the tenth century between the petty lords of Gaul, when success was not the result of victory. It appears, by another mischance, that of all the peninsular deeds of Espartero, that which made the liveliest impression upon the public memory was, if not exactly a defeat, at least a singularly strange performance in a hero of liberty. He became renowned as the bombarder of cities—of Barcelona and Seville. If the Spaniards, says a writer, should ever paint him as Mars, we should see the god figuring as a "wall-batterer."

When Christina was forced, in 1840, to resign her Regency and to fly from Spain, Espartero assumed, against the wishes of a very large section of the Progressistas, the supreme authority within the limits of Parliamentary Government. He surrounded himself

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with a sort of camarilla, and affected the airs of a military dictator, without really elevating himself above the mediocrity of a constitutional king. His favor extended to Moderados rather than to old Progressistas, who, with a few exceptions, were excluded from office. Without conciliating his enemies, he gradually estranged his friends. Without the courage to break through the shackles of the parliamentary regime, he did not know how to accept it, how to manage it, or how to transform it into an instrument of action. During his three years' dictatorship, the revolutionary spirit was broken step by step, through endless compromises, and the dissensions within the Progressista party were allowed to reach such a pitch as to enable the Moderados to regain exclusive power by a 'coup de main.' Thus Espartero became so divested of authority that his own Ambassador at Paris conspired against him with Christina and Narvaez; and so poor in resources, that he found no means to ward off their miserable intrigues or the petty tricks of Louis Philippe. So little did he understand his own position that he made an inconsiderate stand against public opinion when it simply wanted a pretext to break him to pieces.

In May, 1843, his popularity having long since faded away, he retained Lineage, Zurbaro and the other members of his military camarilla, whose dismissal was loudly called for; he dismissed the Lopez Ministry, who commanded a large majority in the Chamber of Deputies, and he stubbornly refused an amnesty for the exiled Moderados, then claimed on all hands, by Parliament, by the people and by the army itself. This demand simply expressed the public disgust with his administration. Then, at once, a hurricane of pronunciamentos against the "tyrant Espartero" shook the Peninsula from one end to the other; a movement to be compared only, from the rapidity of its spreading, to the present one. Moderados and Progressistas combined for the one object of getting rid of the Regent. The crisis took him quite unawares—the fatal hour found him unprepared.

Narvaez, accompanied by O'Donnell, Concha and Pezuela, landed with a handful of men at Valencia. On their side all was rapidity and action, considerable audacity, energetic decision. On the side of Espartero all was helpless hesitation, deadly delay, apathetic irresolution, indolent weakness. While Narvaez raised the siege of Terruel, and marched into Arragon, Espartero retired from Madrid, and consumed whole weeks in unaccountable inactivity at Albacete. When Navarez had won over the corps of Seoane and Zurbaro at Torrejon, and was marching on Madrid, Espartero at length effected a junction with Van Halen, for the useless and odious bombardment of Seville. He then fled from station to station, at every

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step of his retreat deserted by his troops till at last he reached the coast. When he embarked at Cadiz, that town, the last where he retained a party, bade its hero farewell by also pronouncing against him. An Englishman who resided in Spain during the catastrophe, gives a graphic description of the sliding-scale of Espartero's greatness: "It was not the tremendous crash of an instant, after a well-fought field, but a little and bit by bit descend, after no fighting at all, from Madrid to Ciudad Real, from Ciudad Real to Albacete, from Albacete to Cordova, from Cordova to Seville, from Seville to Port St. Mary, and thence to the wide ocean. He fell from idolatry to enthusiasm, from enthusiasm to attachment, from attachment to respect, from respect to indifference, from indifference to contempt, from contempt to hatred, and from hatred he fell into the sea."

How could Espartero have now again become the savior of the country, and "sword of the revolution," as he is called? The event would be quite incomprehensible were it not for the ten years of reaction Spain has suffered under the brutal dictatorship of Narvaez, and the brooding yoke of the Queen's minions, who supplanted him. Extensive and violent epochs of reaction are wonderfully fitted for reestablishing the fallen men of revolutionary miscarriages. The greater the imaginative powers of a people—and where is imagination greater than in the south of Europe?—the more irresistible their impulse to oppose to individual incarnations of despotism individual incarnations of the revolution. As they cannot improvise them at once, they excavate the dead men of their previous movements. Was not Narvaez himself on the point of growing popular at the expense of Sartorius? The Espartero who, on the 29th of July, held his triumphant entrance into Madrid, was no real man; he was a ghost, a name, a reminiscence.

It is but due to justice to record that Espartero never professed to be anything but a constitutional monarchist; and if there had ever existed any doubt upon that point, it must have disappeared before the enthusiastic reception he met with during his exile, at Windsor Castle and from the governing classes of England. When he arrived in London the whole aristocracy flocked to his abode, the Duke of Wellington and Palmerston at their head. Aberdeen, in his quality of Foreign Minister, sent him an invitation to be presented to the Queen; the Lord Mayor and the Aldermen of the city entertained him with gastronomic homages at the Mansion House; and when it became known that the Spanish Cincinnatus passed his leisure hours in gardening, there was no Botanical, or Horticultural, or Agricultural Society which was not eager to present him with membership. He was quite the lion of the metropolis.

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At the end of 1847 an amnesty recalled the Spanish exiles, and the decree of Queen Isabella appointed him a Senator. He was, however, not allowed to leave England before Queen Victoria had invited him and his Duchess to her table, adding the extraordinary honor of offering them a night's lodging at Windsor Castle. It is true, we believe, that this halo thrown round his person was somewhat connected with the supposition that Espartero had been and still was the representative of British interests in Spain. It is no less true that the Espartero demonstration looked something like a demonstration against Louis Philippe.

On his return to Spain he received deputation upon deputation, gratulations upon gratulations, and the city of Barcelona dispatched an express messenger to apologize for its bad behavior in 1843. But has anybody ever heard his name mentioned during the fatal period from January, 1846, till the late events? Has he ever raised his voice during the dead silence of degraded Spain? Is there recorded one single act of patriotic resistance on his part? He quietly retires to his estate at Logrono, cultivating his cabbages and flowers, waiting his time. He did not go even to the revolution till the revolution came for him. He did more than Mahomet. He expected the mountain to come to him, and the mountain came. Still there is one exception to be mentioned. When the revolution of February burst out, followed by the general European earthquake, he caused to be published by Senor de Principe, and some other friends, a little pamphlet entitled "Espartero, his Past, his Present, his Future," to remind Spain that it still harbored the man of the past, the present, and the future. The revolutionary movement soon subsiding in France, the man of the past, of the present, and of the future once more sank into oblivion.

Espartero was born at Granatula, in La Mancha, and like his famous fellow countryman, he also has his fixed idea—the Constitution; and his Dulcinea del Tobosa—Queen Isabella. On January 8, 1848, when he returned from his English exile to Madrid, he was received by the Queen and took leave of her with the following words: "I pray your Majesty to call me whenever you want an arm to defend, or a heart to love you." Her Majesty has now called and her knight-errant appears, smoothing the revolutionary waves, enervating the masses by a delusive calm, allowing Christina, San Luis and the rest to hide themselves in the palace, and loudly professing his unbroken faith in the words of the innocent Isabella.

It is known that this very trustworthy Queen, whose features are said to assume year after year a more striking resemblance to those of Ferdinand VII, of famous memory, had her majority proclaimed on November 15, 1843. She was then only 13 years old on Novem-

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ber 21 of the same year. Olozaga, whom Lopez had constituted her tutor for three months, formed a Ministry obnoxious to the Camarilla and the Cortes newly elected under the impression of the first success of Narvaez. He wanted to dissolve the Cortes, and obtained a royal decree signed by the Queen giving him power to do so, but leaving the date of its promulgation blank. On the evening of the 29th he had another interview with her; but he had hardly left her when an under-secretary of State came to his house, and informed him that he was dismissed, and demanded back the decree which he had forced the queen to sign. Olozaga, a lawyer by profession, was too sharp a man to be ensnared in this way. He did not return the document till the following day, after having shown it to at least one hundred deputies, in proof that the signature of the Queen was in her usual, regular handwriting. On December 13th, Gonzales Bravo, apointed as Premier, summoned the Presidents of the Chambers, the principal Madrid notables, Narvaez, the Marquis de la Santa Cruz, and others, to the Queen that she might make a declaration to them concerning what had passed between her and Olozaga on the evening of November 28th. The innocent little Queen led them into the room where she had received Olozaga, and enacted in a very lively, but rather overdone manner, a little drama for their instruction. Thus had Olozaga bolted the door, thus seized her dress, thus obliged her to sit down, thus conducted her hand, thus forced her signature to the decree, in one word, thus had he violated her royal dignity. During this scene Gonzales Bravo took note of these declaratons, while the persons present saw the alleged decree which appeared to be signed in a blotted and tremulous hand. Thus, on the solemn declaration of the Queen, Olozaga was to be condemned for the crime of 'laesa majestas', to be torn in pieces by four horses, or at the best, to be banished for life to the Philippines. But, as we have seen, he had taken his measures of precaution. Then followed seventeen days debate in the Cortes, creating a sensation greater even than that produced by the famous trial of Queen Caroline in England. Olozaga's defense in the Cortes contained among other things this passage: "If they tell us that the word of the Queen is to be believed without question, I answer, No! There is either a charge, or there is none. If there be, that word is a testimony, like any other, and to that testimony I oppose mine." In the balance of the Cortes the word of Olozaga was found to be heavier than that of the Queen. Afterwards he fled to Portugal to escape the assassins sent against him. This was Isabella's first 'entrechat' on the political stage of Spain, and the first proof of her honesty. And this is the same little Queen whose words Espartero now exhorts the people to trust in, and to whom is offered, after eleven

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years' school for scandal, the "defending arm," and the "loving heart" of the "Sword of the Revolution." Our readers can judge whether the Spanish Revolution is likely to have any useful result or not.

Correction

The article of comrade Heinz Neuman on "Organized Capital in Each Separate Country" printed in the Communist of November, 1929, had a quotation from Marx on "Poverty of Philosophy" which was translated from the Russian in a very distorted form. The quotation reads:

> "In practical life we find not only competition and monopoly in their rivalry, but likewise, in their *synthesis*, which is not a formula, but a *movement*. Monopoly creates competition, competition creates monopoly. *Monopolists compete with one another. Competitors become monopolists.*... The nature of the synthesis is such that monopoly may survive only by virtue of *constantly* engaging in a 'struggle of competition.'"

The correst quotation from the English edition of "Poverty of Philosophy" is as flolows:

> "In practical life we find not only competition, monopoly, and their antagonism, but also their synthesis, which is not a formula, but a movement. Monopoly produces competition, competition produces monopoly. The monopolists are made by competition, the competitors become monopolists.... The synthesis is such that monopoly can only maintain itself by continually passing through the struggle of competition. (*Poverty of Philosophy*, English Edition, pp. 134-5.)

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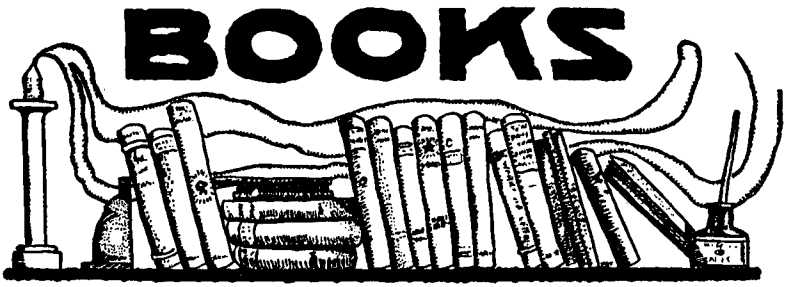

"There Is Widespread Labor Unrest"—Wm. Green

(*Review of the "American Federationist"*)

By J. ZACK

THE correctness of the analysis of the Tenth Plenum of the Comintern Wm. Green, President of the American Federation of Labor, unwittingly re-echoes when in the August 1929 issue of the official organ of the Federation he states editorially:

> "Quite contrary to rather general statements that American wage-earners are satisfied there is widespread labor unrest."

Thus we see that even the most reactionary labor bureaucrats and in the U. S. A. at that, sense the powerful current of radicalization that is seizing the masses of workers, while such subtle tools of the bourgeoisie, but recently inside the Communist movement like Lovestone, Wolfe, Gitlow, Pepper, etc., still dispute the line of the Sixth Congress and the Tenth Plenum, keep on talking about the consolidation of capitalist stabilization, new wave of prosperity, radicalization only in spots, etc.

The reason for this "widespread labor unrest" is given by a governmental commission appointed to study "the economic trend" by Hoover, President of the U. S. A.; says this commission: "out of 54 major industries 37 show a decline of employment, 26 show a decline in the payroll and 6 a decline in the wages per capita."

Hoover in his campaign speeches said as to the conditions of the working class that the workers' position was improving to such an

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extent that instead of them having as in the past a full dinner pail—now they have a full garage—our opportunists seems to have been more impressed by that than by the analysis of the Sixth Congress.

The number of workers driven out by rationalization in industry and agriculture is now estimated at between 3 to 4 million. Under the pressure of this new situation there are now two significant trends observable in the labor politics of the employers and the trade union bureaucracy, and as the world over, in the U. S. A. the trend of social fascism expresses itself in the crudest form they are worth while noting.

The Pennsylvania railroad, one of the biggest in the U. S. and famous for its labor smashing policies, is changing its policy to substitute the company unions on its system for A. F. of L. unions. The reasons for this change of heart of this group of the biggest capitalists is best illustrated in the comment Green makes editorially in connection with a similar agreement made with the Rocky Mountain Fuel Company. Green says:

> "The efficiency of present operations under the union contract is further shown by the fact that in February, 1929, in one of the company's most important mines the tons produced per man per day were seven, as compared with five tons produced by non-union mines, working the same seam of coal under comparable mine conditions. The labor movement is proud of this record and hopes that other coal operators will study this achievement."

Another instance is the agreement made with the France Engine Co., Elmira, New York, which Green quotes approvingly as follows:

> "The Union agrees to use its best efforts to promote the highest labor efficiency in the plant and to demonstrate in every way that any plant of this character can be operated more efficiently under an agreement with the union that it can under an open shop basis."

It is but lately that the A. F. of L. bureaucrats came out so boldly with their schemes of being the employers' "*rationalization whip*" and it is but lately under the pressure of "widespread labor unrest" that the employers instead of combatting the A. F. of L. through company unions show a pronounced trend of finding in them the long lost brothers. Contrary to the theories of Lovestone and others about the relative unimportance and decline of the role of social reformism we find that under the pressure of the new revolutionary current and menaced by the new revolutionary unions led by the Communist Party the capitalists see in the trade union bureaucracy one of the chief weapons through which to disorganize and demoralize the working class and continue unabated the ration-

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alization of industry. What could be plainer, for instance, than the following by Green in the May, 1929 issue:

> "EFFICIENCY SCHEMES CANNOT BE ARBITRARILY FORCED UPON THE WORKERS BY THE MILLOWNERS, OUR COOPERATION IS NECESSARY TO OBTAIN EFFICIENCY."

No wonder then that in the South of the U. S. where the working class sounded the toscin against rationalization by one, for the South, unprecedented mass strike wave all kinds of capitalist politicians from ward heeler to senator are assisting the A. F. of L. as speakers, wire pullers, etc., to save the South from the Communists, actually assisting to organize the workers into the A. F. of L.

The attitude of the A. F. of L. on strikes generally is best expressed by M. J. Keough, president of the International Molders' Union of North America; says this gentleman at the Convention of his union:

> "WE ARE AS MUCH OPPOSED TO STRIKES AS THE EMPLOYERS COULD POSSIBLY BE."

As to the sporadic Southern strikes, Green, in the June, 1929 issue says:

> "Strikes get them nowhere and now they are turning to the Union."

According to Green the union is the very anti-thesis of strikes.

Official governmental approval of the A. F. of L. policy has also come forth; thus Hoover's commission to study economic trends says:

> *. . . The cooperation of labor to increase productivity has grown in importance in peace since its stimulation by the war. . . .*

That the social reformists of all hues understand each other well irrespective of whether they bear the label of socialist, labor party, or trade unionist, Green points out in the July issue:

> "American labor rejoices in the coming to power of the British Labor Party . . . at a period in international relations when it is possible to make fateful decisions. . . . In the Labor Cabinet with Ramsay MacDonald are experenced persons who are eager to use this opportunity for constructive statesmenship."

In this estimation of his brothers in Europe Green only voices the views of his masters. Says Owen D. Young of Young Plan fame in one of his speeches printed in the New York *Times* during the 1928 presidential elections:

> "Our position in the world will be aided by the election of a

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> liberal party now. Since the war international progress has been largely made by liberal parties. No advance could have been made had the Nationalists been in power in Germany. Little would have been made had not Herriot broken Poincaire's determined and conservative resistance. A LABOR GOVERNMENT IN ENGLAND WAS MOST HELPFUL AT A CRITICAL TIME." (Emphasis mine.)

An idea as to how the new type of company union affiliated to the A. F. of L. is going to function is given by McGrady, Green's personal representative in the Southern strike territory. In the July issue the latter, boasting about his successful choking off of the Elizabethton strike, says:

> "I suggested that the workers in each department appoint a committee of three to be ready to confer with the foreman on whatever disagreements might occur in the department and that one of these three be designated as representative on a Central Committee of which the personnel manager of the plant should be chairman—I further agreed that when the central committee could not reach an agreement the matter be referred to Dr. Mothwurf (general manager of the factory: J. Z.) for final decision."

Not to be left unnoticed is the boasting of Green in the July issue of the formation of a *union labor post of the American Legion* in Los Angeles, Calif. The American Legion is the American Fascists in embryo, the formation of this post is symptomatic for the whole fascist trend of the A. F. of L. bureaucracy; through such so-called "labor posts" the most reactionary elements inside the A. F. of L. can be organized as an inner organization against the Communists.

The shifting of the social base of the present A. F. of L. policy to the modern top layer of the skilled workers is noted in the March issue. Green polemisizes against the idea that the skilled worker is being displaced, and quotes an authority to the effect that, although many of the old skilled operators are being displaced, modern industry creates new requirements as to skill, such as, the numerous strata of men above the average to *supervise and organize* the details of mass production. The workers that tend complex machinery, the numerous functions where initiative, experience and skill are needed in production and distribution, etc.

One need not be particularly sagacious to note that the perspective of the A. F. of L. is to get particularly at the (by the size of their income, etc.) petty-bourgeoisified stratum of workers. Green and company seek to convince the capitalists that these are the men that hold the key position both as to paralyzing the movements of the semi-skilled and unskilled as well as a driving force for further rationalization. Green considers that the skilled stratum is in a

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sort of transition period, old skill being fused to and transformed into new type of skill. Green begs the capitalists to realize that only by recognizing this stratum, by consciously organizing them under the leadership of Green and company, can capitalism carry through its rationalization program with a minimum of friction. Every issue of the Federationist is full of this "New Ideal," stated in more or less direct form.

Green's program plainly is: to organize the new type of skilled workers and *rationalize their bribing in* an endeavor to permanently graft this stratum of workers to the chariot of American imperialism. Green and company are preparing the ground work for this in every respect. Thus in the October 1928 issue, Green, commenting upon the Kellogg Pact, states:

> "It was an outstanding event in human history when representatives of fifteen outstanding nations met in Paris to sign a treaty renouncing war as a method of achieving national policies . . . as individuals we have revolted at the horrors of war . . . but we have been helpless . . . the treaty lays a foundation upon which may be built world peace. . . ."

Green as representative of American trade union bureaucracy, the most openly treacherous, outside of Mussolini's labor lieutenants, openly works hand in glove with the imperialist bourgeoisie. Green, Woll, etc., do not even consider it necessary to practice camouflage; they are appointed by the Government on committees to participate in war preparations, launching of new battleships, etc. In the March issue the support of the American bourgeois' imperialist policies is stated even more bluntly. Green says:

> "It is inevitable that American capital will be invested abroad and that our foreign trade in South America shall increase. To oppose this development is to oppose progress."

In the December, 1928 issue we find an editorial urging labor to "buy American made goods," and an article defending the "League of Nations" against criticism.

In the same issue there is an article by F. J. Hass, propagating the "Catholic Industrial Program" as advocated by Pope Leo XIII.

In the October, 1928 issue we find Green taking a stand against propaganda in the schools so that no dangerous radical thoughts should possibly get into the bourgeoisified education system. Green says:

> "The American trade union movement is irrevocably against propaganda in public schools."

The "Federationist" continually quotes capitalist spokesmen to prove a humanitarian change of heart on their part towards labor.

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Thus Daniel Willard, president of the Baltimore and Ohio Railroad, is quoted by Green in the January issue. Willard says:

> "Society must assume the duty of providing steady employment. It is for the benefit of society that we have mass production and reduced costs."

According to Green there is no capitalist class just as there is no working class. There are wise, good employers like Willard who serve society, and others that are not so "enlightened," to whom Green continually appeals.

Not a word Green says about the murder trial of the Gastonia strikers. The sympathy with the strikers is so great that he dared not say this time anything against them. But no one can be silent in such a case. Green's sympathizers, like in the Sacco-Vanzetti case, are on the side of the executioner, but there is "widespread labor unrest," hence Green considers silence as the best he can do for the employers. Did not Green and Company themselves hire thugs to kill militants in the coal fields during the last miners' strike! — such things are done without editorial endorsement. The employers know well enough that Green and company stand on the prosecution side, and our job is to make this also quite plain to the workers.

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